

THE TRUMPET CALL

of

CANADIAN MONEY AND PROGRESS

AN IDEAL HANDBOOK OF MONETARY REFORM

By

W. C. PAYNTER

Secretary of the Western Canada Branch of the British Banking
Reform League, Tantallon, Saskatchewan

May, 1931

From the Monetary Educational Bureau
Washington, D.C., U.S.A.:

"We have read your pamphlet with keen interest. Yours is a
strong and convincing presentation of the Money Question.

We commend your work and wish you every
measure of success in convincing your people."

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Report from Rome, A.D. 26

And Jesus went into the Temple of God and cast OUT all them
that sold and bought in the Temple AND OVERTHREW
THE TABLES OF THE MONEY CHANGERS.—Matt. 21-12.

ILL FARES

The land to hastening ills a prey,
Where wealth accumulates and men decay.

—Oliver Goldsmith.

NO THING IN USE,

By men for power of ill
Can equal money, this lays cities low,
This drives men forth from quiet dwelling place,
This warps and changes minds of worthiest stamp
To every impious deed.

Sophocles,
A Greek Philosopher.

PREFACE

As this third edition of Canadian Money and Progress goes forth the author has absolute confidence that it contains an unanswerable argument that appeals to all students of economic finance in such a way that any one can easily understand. And when these facts become known to the people in general, they will usher in a NEW ERA of permanent progress for Canada by electing to parliament only such men as are pledged to inaugurate a sane scientific Medium of Exchange at the earliest possible moment.

The first edition of this pamphlet was published in the Fall of 1921 and a copy was mailed to every progressive candidate nominated in Canada with the following letter inclosed:

British Banking and Reform League
Western Canada Branch.

Dear Sir:

You have been chosen as one of the Standard bearers of the Progressive Party. If elected you will have the privilege to help left the burden from the backs of the plundered. That can only be done by legislation securing for the producers and workers of Canada "Economic Freedom."

The tap root of all economic evil rests with the "Money Changers" who dominate our legislative halls and control our "Medium of Exchange"—Money. For proof I am mailing you this pamphlet—CANADIAN MONEY and PROGRESS. After reading please let me have your thought on the matter.

Signed: W. C. Paynter,

Tantallon, Nov. 1st, 1921.

Secretary, B.B.R.L.

Again after the election copies were sent to all Progressive M.P.'s and some others.

The suggestions outlined when broached by members in the House were received generally with ridicule, but the sitting of the Committee on Banking during the session of 1922-23 gave an opportunity to the members who had made a study of the question of money to place before Parliament and the people generally some startling results of their discoveries.

But it was not until the 1924 session of the Federal House that the question was brought forcibly within the realm of practicability and general discussion. This occurred on July First of that year when Hon. J. A. Robb, Acting Minister of Finance, asked the House for authority to raise \$300,000,000 to meet the maturing loans and obligations of Canada.

The ensuing debate was of a high order and excerpts from Hansard of some of the most pointed speeches are herein contained. You will be well repaid by securing this copy of Hansard and reading the whole discussion.

The second edition was published in September, 1924, and thousands of copies were sold by the organizers of the U.F. of C., Saskatchewan Section, and a thousand were distributed from Edmonton.

While the time will come in the evolution of things when the race of mankind will dwell as one family, each working for the other in Human Brotherhood, and have no necessity for a "Medium of Exchange," as therein all human needs would be supplied without money and without price, just as natural as the bees, the birds and the monkeys. In order to bridge the great gap between now and then, it is absolutely necessary to have a scientific Medium of Exchange.

At this time when men's hearts are failing them for fear of what is coming upon the earth, this third edition goes to the press in the hope that it will bring the solution of the great problem of unemployment, and economic freedom, by spurring to political action every one who reads its pages, if you are convinced after reading it, sign the Oath of Service on the back page of the book and return to this office.

CHAPTER I.

Canadian Money and Progress

In taking-up the study of this question we must first show what money is. Here is a good definition of Money:

"Money is the means of adjustment which renders traffic between men independent of individual requirements."

All present day Money is fiat. The word fiat means order or decree of a court. All legal tender is Money made lawful by fiat of law.

Legal tender means that this Money made legal by fiat of law may be paid or tendered for any lawful debt to the State or any individual comprising the State, and must be accepted by the creditor.

The form of Money in general use today is either metallic money made from gold, silver or copper, and supposed to have intrinsic value, that is, possesses the value for which it exchanges in its own substance, or inconvertible paper Money, such as our present Dominion one, two and five-dollar notes, and the notes of the different banks. Previous to 1914 these were supposed to be convertible into metallic currency on demand, but were seldom ever converted. But under pressure of war the law was changed, and now all these notes come under the head of Fiat Inconvertible Paper.

In addition to the above we have in our present complex financial system that which is made to perform, it is stated, 90 per cent. of trade adjustments taking the place of Money, via Bank Credit, inflation and deflation of which is entirely in the hands of the bankers. And when it is admitted on all sides that these two principles in action produce the weal or woe of the Nations, why should this great power be allowed to remain in the hands of private individuals, for the holders of this power are the real rulers of the World, while National Governments are merely pawns in the game.

This system fattens upon enforcing these principles turn about, and draws to itself the wealth of the producer as a pump sucker draws the water out of a well. Instead of this we should have sufficient medium of exchange to perform all transactions of trade on a cash settlement basis, to do which would require not less than \$70, and not more than \$100 per capita.

The birthright of the human race permits of life, liberty and the pursuit of happiness, of life and liberty to work and produce anything useful or desirable for self or family, or for barter or exchange with others for something useful or desirable. But as soon as men began to build homes, to till the earth, and to breed cattle, there arose a need for something that would represent these things. A man might want to exchange a sheep for a goat, and that was simple enough; but if he wanted to buy the goat without giving the sheep in exchange it was not so easy. Or if he wanted

to sell his house and build another it was not so easy. So men agreed that instead of handling goats and houses, they would handle something else that would represent goats and houses.

The thing they agreed upon was Money, and Money may be made of anything. In some parts of the world people use shells as Money. This was the medium of exchange used long ago by the Indians of the North-Western States from the Missouri River to California. Kauri shells are still used in East, West and Central Africa; in Nigeria 1000 Kauris are worth threepence. In nearly all parts of the world they use paper printed in a particular way so that no one can copy it.

In the fur trade of North-Western Canada, Money values, as we use them, were unknown. The term Skin or Made Beaver, which was the skin, in the prime, of a full grown Beaver, killed in season, and weighing between 16 and 20 ounces, was the uncoined Money, or medium of exchange, of the North. The skin does not pass in the transaction, but it is the unit of sales, and small sticks are used to represent it, each stick counting as 50c.

This latter medium of exchange, though crude, seems to the writer to fill the bill as the most perfect and economical of any of the above methods, for to be a perfect medium of exchange the substance used should be durable, inexpensive and "as plentiful as the articles or services offering for exchange." Will the reader note this definition, as later on we are going to measure all Money by this standard, and prove that anything that will not measure to this is a great hindrance to the progress of Canada.

We will also show that with a medium of exchange which will be clearly defined, such a thing as financial depression cannot occur, and no one in Canada willing to work would be out of a paying situation.

We will also show that it is because our money does not measure up to this standard that it can be drawn off the market and out of reach of the people to such an extent that it is impossible for them to move on anything but a credit basis.

We will show that Commerce via Exchange of Products and the facilities and freedom of this exchange, is the foundation upon which all progress, both material and spiritual, is made, not only in Canada, but throughout the world. We cannot expect to have a healthy body politic if there occurs stagnation or congestion in our financial arteries, any more than we could if the same effect occurred within the human frame. A scientific "Medium of Exchange" should be one that would, EVERY DAY AND EVERY HOUR, render its services to the last man corpuscle in the great body of Humanity, so that if he is willing to work he would have the money always to pay over in exchange for his every need, and such a medium will be disclosed herein.

Some of the Defects in Our Present Monetary System

From money we will now turn to the Financial System of Canada, which is the system that provides our Money or "Medium of Exchange."

We here find one of the most unjust systems that was ever loaded on the backs of a long-suffering people. The story of the Israelites enslaved under Pharaoh and compelled to make bricks without straw is as nothing to it. A system passed upon the supposed representatives of the people of Canada, granting a bunch of bankers the privilege of doubling their capital when they start in business and thereafter drawing interest on their liabilities. So long as such a damnable thing as the Canadian Bank Act remains on the Statute Books of Canada, so long will we have to suffer the bitterness of LOST HOPE and Economic slavery.

Do you know that the Banks of Canada have been reduced to nine and that they all belong to the Bankers' Association, and that this Association, as a Big Money Trust, controls the Government of Canada, the manufacturers of Canada, and the very lives of every last soul living in Canada? And alternates the Grit and Tory parties, as a Punch and Judy show to entertain the voters that gave them the privilege.

If you don't believe it, read from the Regina Leader, May 4th edition, and you will see how our present premier fooled the people and landed in office:

A Tragedy

(Regina Leader, May 4th, 1931)

"Those who know what the unemployment situation is in Canada—from direct experience, or in attempting to ameliorate conditions—will be interested in reading what Mr. Bennett said at Moncton, N.B., on July 11, 1930:

"But you are more interested to know what the Conservative party is going to do now. It is going to find work for all who are willing to work or perish in the attempt. It is going to call parliament at the earliest possible date after July 28, and take such steps as will end this tragic condition of unemployment and bring prosperity to the country as a whole. Mr. King promises you conferences; I promise you action. He promises consideration of the problem of unemployment; I promise to end unemployment. Which plan do you like best?"

"The sad tragedy about it is that a Canadian public man should have talked in this way. He led the people to believe that he could do what time has shown he cannot.

"Men who sell stocks on such misrepresentations are put in jail."

Neither Mr. Bennett nor Mr. King knows how to end unemployment. But we can give them an inkling as to how it can be done.

If our prospectors go out into our Great Northland, and return with \$300,000,000 worth of gold which must be exchanged for something before it will feed and clothe you, the banks will gladly exchange their Promissory notes for it or the Government treasury will exchange the Dominion notes for it, and they can command a credit for that amount as against all goods or services that are in the market. But let our farmers, with greater over-

head and strenuous work, produce from capricious Nature three hundred million bushels of wheat, "the staff of life," our present system guarantees them nothing. But under a RIGHT system of finance we would still have life and progress in this world if all the Gold was sunk in the sea. One of the planks in our platform will be the national marketing of our export wheat and other products with an equitable initial payment, the Money, or Medium of Exchange, to be supplied by our Finance Minister with treasury notes without interest.

We demand that our life-supporting wheat be financed for our farmers, as well and better than the metal gold is financed for our prospectors.

Surely we have enough common sense in this twentieth century to arrange and control a State Financed Board, for orderly marketing, as Pharaoh's Prime Minister, Joseph, had long ago, B.C., down in Egypt.

Do you know that there has never been a Government in Canada that did anything else than give the Financial Rulers about everything they asked for, and that the present financial organization of Canada is the monkey-wrench in the machinery of trade and commerce that is causing all the economic suffering of the past and present, and the people who are in the know are so fettered to their chariot wheels that they are dumb and dare not utter a word?

Do you know that the people of Canada are not any further advanced than the Israelites when they made the Golden Calf in the wilderness and bowed down and worshipped it and the Promised Land was just over the way?

Do you know that politicians very seldom take issues that are the real ones affecting the people? They tell you about the waste we sustain by that awful Tariff, it is bad enough, but they howl about the waste at the spigot—but let her run full blast at the bung.

Under the present Bank Act of Canada it is necessary to form a preliminary organization and get half a million dollars of capital subscribed, with one quarter of a million paid up and deposited at Ottawa, then application for a charter may be made to the Dominion authorities. When this is secured, and the organization is ready for business, this deposit is all returned except \$5,000.00, and the new bank is allowed to issue its own promissory notes in the form of money—dollar for dollar—to the amount of its paid up capital. When a producer of the world's real wealth makes a plain written note in favor of his creditor he generally has to pay interest thereon. But the Non-Producer, who has control of the "Medium of Exchange" of the Sovereign People, loans the producers his promissory notes nicely lithographed and charges them good heavy interest therefor. Banking Corporations thus have the privilege under the act of doubling their capital when they go into business, and thereafter draw their incomes largely from their liabilities.

In an address given in the City Hall, Regina, by a Bank Manager, when speaking to the Saskatchewan Retail Merchants' Association, he was explaining how the Banks were permitted to issue these notes against their assets, when one of the audience mentioned the Million Dollar Asset in the building owned by the then Union Bank in Winnipeg, and asked if the Bank would be allowed to issue their notes dollar for dollar against the value of that building. His reply was, "In fact they do, but if requirements of the act were strictly adhered to, they would only be allowed to issue notes against that portion of value of the building used strictly for banking purposes." There you have it. You have heard of eating your cake and having it too. Suppose the workers of Canada secured control of legislation, and should reverse the lever, and allow the producers of the wealth of Canada to double their capital, and draw interest on their liabilities, would you not hear a howl that would reach Hades at such a dastardly piece of class legislation. But when the privilege is given to the financial Lords riding on the backs of the producers of the real wealth of Canada, that is just loyal and we should submit.

During the great financial depression of 1907 a Saskatchewan village wanted to secure a loan of a thousand dollars on debenture, to put in a gravity water system. This was the year that the late Mr. Ashdown was elected Mayor of Winnipeg in order to pull the City finances out of the hole. As the debenture could not be negotiated for less than ten per cent. interest, the writer took the matter up with the Department of Finance, Ottawa, and asked the Minister why he could not take the debenture and give the village the thousand dollars in Dominion of Canada Notes which would do as a medium of exchange to carry on our work. The thought was that even if these Dominion Notes were based on, and issued against, gold in the vaults, that an interest-bearing bond held by the Government would be a better security as a basis against which to issue the Dominion Notes, than so much gold lying in their vaults and only wasting gradually away. The reply received from the Deputy Minister was that this could not be done, "For as the law now stood, for every dollar of Dominion Notes issued, it was necessary that there should be a dollar of gold in the government vaults." But that is not the case now by any means, as we will presently show.

The same suggestion was made in a letter to Mr. J. H. Ashdown, and his reply was that "It might be worked that way, but if it were once started no one could tell how far it could and would be abused."

This was in 1907. What happened just seven years later in 1914? The Government, in the early session, was asked for a grant or guarantee of bonds by McKenzie & Mann, which finally ended up in the Government guaranteeing the bonds of the Canadian Northern Railway, for millions of dollars, and those of the Grand Trunk for fifteen million. McKenzie & Mann were in London trying to place these bonds when the Great War broke out, and they returned unsuccessful, as financial conditions there were so bad that

the British Government had to place the whole wealth of the Nation behind the Bank of England, to enable it to carry on.

They returned to Canada, and looked about to see how they could secure the necessary funds from these bonds to carry on their work. That was easy under the recent amendments to the Bank Act, for the then Finance Minister—Mr. White—had secured a change in the Act that permitted the Banks to issue their own promissory notes up to 115 per cent. of their assets, and if that was not found sufficient to provide a "Medium of Exchange" to move the Western wheat crop, they could deposit with the Minister of Finance approved securities, for and against which the government would issue Dominion Notes. All these Captains of Finance had to do was to present these undisputed securities guaranteed by the Dominion of Canada, to the Finance Minister, and in 1914 alone, he issued \$10,000,000 of Dominion Notes in their place.

H. E. Spencer

No. 16

April 11th, 1922.

HOUSE OF COMMONS

Answers to Questions

Mr. Spencer—1. How many dollars in Dominion Notes were passed over by the Honourable Finance Minister White, to McKenzie and Mann on the guaranteed bonds of the Canadian Northern Railway?

2. How many dollars in Dominion Notes did Mr. White, as Minister of Finance, pay to the Grand Trunk Railway on bonded security?

Answers

1. Under authority of orders in council detailed hereunder, \$10,000,000 by way of the issue of Dominion Notes were paid to the Canadian Northern Railway Company, on the security of \$12,500,000 bonds of the Canadian Northern Railway Company deposited with the Minister of Finance.

Date and No. of Order-in-Council	Amount of Advance
September 5th, 1914—P.C. 2325.....	\$2,500,000
September 5th, 1914—P.C. 2450.....	\$2,500,000
October 24th, 1914—P.C. 2670.....	\$2,000,000
November 20th, 1914—P.C. 2921.....	\$2,000,000
December 16th, 1914—P.C. 3170.....	\$1,000,000

2. Monies were advanced about the same time to the Grand Trunk Pacific Railway Company, but not to the parent Grand Trunk Railway Company.

I contend that this was good financing, both for the Government and McKenzie & Mann, after the Government had committed itself, and on taking over the railroad later, if this amount was included in the cost of the road; it really cost the Government nothing but the price of the paper and the labor required in making the notes, and they will never have to pay any interest on these millions, which they would have done if the Company had suc-

ceeded in placing their bonds with European capitalists. Now, what I want to know is, if the Government could give McKenzie & Mann \$10,000,000.00, to help them build a railway, why they could not provide ten hundred million in the same way, or enough to furnish a medium of exchange to build the whole road without one cent of interest charges. If this had been done it would have provided just as much money in this country, and with no interest charges forever. The Government roads could soon be made to pay, and with freight rates that would encourage commerce instead of stifling it. And now I ask why the Government cannot accept my proposition of 1907 and issue Dominion notes against the interest-bearing debenture of any village for \$1,000.00. And why can they not do the same for every public work where money is borrowed on bonds or debentures, which has run the gauntlet of the restrictions of our present local Government Boards.

If the Government of Canada would cancel all Bank Charters at the earliest possible date, and thereafter allow nothing else to be issued except Unconvertible Dominion Notes, and issue them in payment of work done in the development of our great Natural Resources, Building Highways, Schools, Irrigation Works, and against interest bearing bonds for say 2 per cent., sufficient to pay the expenses of the first cost of the bills and the book-keeping attached thereto, to Provincial Governments, Cities, Towns and Villages, that is all that is required to make Canada a hive of industry, the like of which has seldom been seen in the world's history. To illustrate what is stated with regard to the issue of Dominion Notes to McKenzie & Mann, I quote from the Regina Leader of January 12, 1915. Under the head of business news, they give this report from Ottawa:

"Legislation to legalize certain unprecedented financial action taken by the Government since the war broke out, will be an important feature of next session's programme in parliament. The legislation will be for the purpose of legalizing a heavy expansion of Dominion Note circulation, irredeemable by specie, in excess of the amount authorized by statute. The situation has created considerable comment in financial circles here. In August last the Dominion Note circulation totalled \$114,866,864. On December the first it had risen to \$163,018,599, or an increase of \$48,151,736. This tremendous increase is not accompanied by a commensurate increase in specie, OR APPROVED SECURITIES. In fact, the specie surplus has decreased. In other words, the Government has increased its supply of ready money to the extent above noted by issuing Dominion Notes without depositing in its treasury the equivalent in gold.

Position Not Clear

"The only additional authority for the expansion of Dominion Note issues, which the Government has increased since August last is contained in the legislation passed at the war session permitting the Government to lend money to the banks in the form of Dominion Notes on pledges of securities

"approved by the Minister. It also permitted a further increase "in note circulation to the amount of fifteen million against the "gold already held in the treasury. Part of the increase may "be accounted for by this legislation, but it is not clear that "any considerable portion is so accounted for. The bank statement for November last shows that the total amount of balances due to the Government, covering its transactions with the banks of the Dominion, is only \$17,892,000 and only part of it will represent such loans on approved securities as were "authorized at the war session.

Who Authorized Excess?

"The question being asked in financial circles, therefore, "is, under what authority has the still very considerable excess "been issued? There is no excuse forthcoming from the Finance Department. In fact it would seem to be apparent that "a very considerable issue has been made without any authority whatsoever, as the Statute at present stands. Whether "the additional ready money thus obtained by the Government "has been used for its own administrative purposes, for the "payment of contractors, or for making advances to railway "companies, is not known."

By reading between the lines in this Ottawa dispatch, anyone can see for themselves that the Dominion has already issued large amounts of Inconvertible Paper Money and that therefore the gold standard in Canada is a thing of the past. A good thing it is, too. Does anyone think that such has been injurious to any except the Banking Trust that lost the opportunity of loaning those few extra millions of the people's money at good rates of interest, while they left the producers of that wealth out, where their many branches are, to do nearly all their business by writing on blank cheque forms.

This is the first occasion that I know of in the history of Canada when the government drew near to a scientific Medium of Exchange. But it is plain to be seen that they could not go further without undermining the special privilege of the great financial interests. These institutions have been drawing double interest for years, and my proposition is, that the producers of Canada shall have all the Medium of Exchange they need WITHOUT INTEREST, but with a charge of two per cent. to pay the Government for the cost of keeping the accounts. Or by making the interest four per cent., handling all accounts through a national bank of Canada, with branches everywhere, enough revenue could be raised to run the country and pay off our war debts without having to levy heavy duties or establish direct taxation, unless this would be a form of direct taxation.

CHAPTER II.

"Fiat" and Inconvertible Paper Money.

The word "Fiat," as applied to money, is used very loosely, and in apparent ignorance of what it means, but it is undoubtedly used with reference to Inconvertible Paper Money.

No Inconvertible Paper Money could be Fiat unless made so by fiat of law. All lawful or legal tender money is fiat money, and no other can be fiat. The legal tender gold coin is just as strictly fiat as is the inconvertible note. The fiat value (aside from that of custom) is the only monetary value that any money, metallic or paper, can possess. All economists and courts agree that the only monetary value, regardless of the material, is a statutory value. As a high legal authority on this point, take Judge Tiffany's "Constitutional Law," page 221:—

"To coin money and regulate its value as an act of Sovereignty involves the right to determine what shall be taken and received as money; at what measure or price it shall be taken; and what shall be its effect when passed or tendered in payment or satisfaction of legal obligations. Government can give to its stamp on leather the SAME MONEY VALUE as if put upon gold or silver or any other material. There is no such thing legally as gold or silver or paper money. Money is the sovereign authority impressed upon and attached to that which is capable of taking and retaining the impress of that authority. The act of coining money consists in affixing to that which is to constitute money, THE STAMP OR SEAL OF SOVEREIGN AUTHORITY by which it may be known and recognized in market as being authority entitled to be received at the price or value stamped thereon. The authority which coins or stamps itself upon the article can select such substances as it may deem suitable to receive the stamp and pass as money; and it can fix what value it deems proper, independent of the intrinsic value of the material upon which it is affixed. The currency value is in the stamp when used as money, and not in the material independent of the stamp. In other words, the money quality is the AUTHORITY which makes it current, and gives it the power to accomplish the purpose for which it was created—the power to pay debts"

And again in the United States Supreme Court:—

"Whatever power there is over currency is vested in Congress. If the power to declare what is money is not in Congress it is annihilated. No one ever doubted that a debt of \$1000 contracted before 1834 could be paid by One Hundred Eagles coined after that year, though they contained no more gold than ninety-four eagles such as were coined when the contract was made, and this not because of the intrinsic value of the coin, but because of its legal value. The eagles coined after 1834 were not money until they were authorized by law,

“and had they been coined before, without a law fixing their legal value, they could no more have paid a debt than uncoined bullion, or cotton or wheat. The Coinage Act fixes its unit as a dollar, but the gold or silver thing we call a dollar is in no sense a standard of a dollar. It is a representative of it. We repeat, MONEY IS A PRINTED LEGAL DECREE.”

For an inconvertible paper currency maintaining parity with a standard take the St. Louis Municipal Currency Issues soon after the Civil War, and circulating up to 1873, when the American Bankers' Association secured legislation prohibiting all money issued except by the National Government and its authorized banks. Having to install a water system and other works, the City Authorities, faced by expenditure much in excess of current incomes, had to ask themselves two questions: “Could we inject any element of soundness into bonds upon which to borrow that would not be contained in a direct issue of city currency?” The answer was obviously and positively in the negative. “Could we borrow any form of money or credit more acceptable to our citizens than the money we can issue?” The answer was almost as positively in the negative.

And what was done by the City Fathers is here told in the words of a former Canadian, Mr. S. P. Panton, who was a resident of the City of St. Louis at that time:

“So they issued 2,000,000 of one dollar and two dollar notes of very limited tender as they could only be made receivable for all city dues. On an equality with Lawful Money, the banks tried, for a long time, to discredit this money, but in vain. So they soon concluded to accept it on deposit in common with other forms of money. Up to its retirement, in 1873, it circulated at par in the City and tributary country. If any of it strayed to a distant State it was driven back home by a slight discount. This was a great advantage, maintaining full circulation where it belonged, and enabling the city authorities to keep track of it. If that money would have circulated at par throughout the land it would have become so scattered that but little would have been left to St. Louis.

“This money added to the ordinary circulation conferred prosperity and solvency on the community. It enabled citizens to pay more than ordinary taxes without hardship. Being receivable for all city dues, it was constantly flowing back to the City Hall; and being as constantly again paid out on public account, it undoubtedly paid for several times its volume in public works without creating ONE DOLLAR OF DEBT.

“So it was a clear gain to the City of several millions of dollars in public works, besides the enormous aggregate benefit conferred upon the citizens by the great additional annual cash business of probably \$200,000,000 a year, for cash in small denominations easily effects an average of a hundred transactions per annum. Had the city borrowed \$2,000,000 credit as per present practice, it could not have

been used more than once, and with interest for a long term that would have cost \$4,000,000 or more. To get anywhere near as much service from borrowed credit would have required continuous borrowing to the total of \$200,000,000 or more. This, of course, would have cost the City more than \$400,000,000, burdening the City with a crushing debt instead of the beneficent operation of the cash. The City currency was the most valuable of assets. Had it not been for the adverse legislation of 1873 that St. Louis currency would have continued its beneficence for an indefinite time."

He further says:—

"Now to those who decry "flat" paper money, we may propound the query, 'How could the St. Louis currency have been improved by a metallic redemption fund?' Nobody could tell. Suppose a laborer on City work was paid as wages \$5.00 in City notes, and that then he paid them to the City Treasurer for Taxes, the transaction would then have been complete, and the notes could have been destroyed without leaving a cent of liability. They had performed the highest function of money, that of a Medium of Exchange. They had conveniently affected an exchange of taxes for labor. Suppose that laborer did not pay the notes back for taxes, but paid them to his grocer, who paid them out in change, and they changed hands 1000 or 10,000 times before reaching the City Hall in a payment of public dues, as soon as received there the transaction was complete and they could have been destroyed without leaving a cent of liability.

"The fact that they had effected thousands of transactions for the great good of the community while in circulation didn't affect them any more than if they had been paid back to the Treasurer by the first recipient.

"If re-issued it would be the same thing over again. They were paid in and re-issued over and over, and never, at any time, constituted a debt against the City (simply because instead of a promise to pay, they were drawn as a promise to receive). How could a gold reserve have helped or strengthened this money in the slightest degree and caused anything but confusion and needless expense? And yet a gold reserve would have been just as necessary and useful applied to that City currency as it is to any form of National money."

He states further:—

"It is, of course, an object to maintain parity between various forms of money in use. This is accomplished most absolutely by making legal tender upon an equality with each other. If gold is made the standard and other forms of money are made legal tender equally with gold, or receivable for all dues, public and private, on an equality with gold, then no banking or other power can dislocate the even exchangeability of one with the other, or discredit any form of lawful money.

"This system insures absolute maintenance of parity as no metallic redemption fund, to redeem promise to pay, ever could. No money should be a promise to pay, because in every transaction the money used is payment as far as money could be a payment. Used as above, gold is an absolute regulator, and there is no excuse in keeping a mass of gold in cold storage on the pretense that it is needed as a redemption fund for any other money. The public never ask for it.

"It is only those interests that profess virtuous concern for the integrity of the currency, and loot the Treasury when they can get a chance to raid the gold reserve."

Men and Women of Canada! How long are you, the sovereign people, going to act "like dumb driven cattle"? How long are you going to permit your representatives at Ottawa to maintain such a drag on the progress of our country, as I have here shown the present banking system to be—it was spawned in Hell and shapen in iniquity. The subsidized press all tell you it is the best banking system on earth, but they do not tell you **FOR WHOM IT IS THE BEST**. But it is for the bankers of course, and the very worst system on earth **FOR THE PEOPLE**.

This is the millstone around the neck of our fair land, stumbling along the way of progress in her bloody sweat. As a Canadian I make the appeal to all loyal Canadians to arise in their manhood, cast away party fetters so that CANADA may shine in splendor under the blue canopy of heaven, as the **KINGDOM OF JUSTICE AND EQUITY**.

From the American Worker:

Legal Tenders Will Abolish Poverty

Issued in reasonable quantity, not to exceed 10% of the total assets of Canada, they will be "as good as gold" and better, and will supply this Nation with a healthful, poverty-destroying **NATIONAL CURRENCY, WHICH IS THE NATION'S LIFE BLOOD**.

As blood in the physical body is supplied abundantly in proportion to the needs, and exertions of every part of that body, producing **HEALTH**, so Legal Tenders will supply a sufficient quantity of the "Social Life Blood" Currency to every individual, in exact proportion to his or her needs, and earning capacity, thus producing **PROSPERITY**.

THE WORKERS' POVERTY WILL BE BANISHED FROM THE FACE OF THE EARTH.

At present our national currency is cramped, and in fact limited by the shackles of the gold and silver metals. We are adhering, as yet most **STUPIDLY**, to a system that is 200 years behind the requirements of modern civilization. We still insist that the comparatively insignificant stock of the nations' gold and silver metals and not its **IMMENSE WEALTH AND INCOME**, should be the security for our national currency. Such an absurd policy is producing the obvious harmful results.

OUR ARTIFICIALLY LIMITED CURRENCY CRIPPLES THE NATION, CAUSING CONTINUOUS POVERTY AND UNEMPLOYMENT.

CHAPTER III.

The Tree Is Known by Its Fruit

By its fruits you shall know the tree. If it bears not good fruit we are told to cut it down and cast it into the fire, destroy it.

Here is the principal fruit of our present financial system.

It is only necessary to read the advertisement of the Canada Life Association that recently appeared in Toronto Saturday night, under the caption, "THE FUTURE—what happens to 100 average men of 25 upon reaching the age of 65?"

"Only one will be wealthy.

"Four will be well-to-do and able to enjoy comfort and recreation.

"Five will be working for a living with no prospect of relief from drudgery.

"Thirty-five will have died, in many cases leaving families enduring hardships.

"Fifty-four will be dependent upon friends, or relatives, or charity."

Look at this picture, which must be true. Given broadly in clear public print by the insurance men who are in league with, and form a part of, our present financial system. Let the awful picture burn into your very soul, and then decide whether there is any justice in the appalling drama before you. And this is one of the finest lands upon which God's sun shines, wrought so by the selfishness of man. What a soul killing situation for the average young man of 25 to contemplate. Is it any wonder that he starts out to do the other fellow before the other fellow does him, and through fear of not attaining to the position of the top five, they all fight and snarl like dogs over a bone, all on account of the unequal supply in the arteries of Commerce, of a scientific Medium of Exchange.

In a pen of some sixty fine pigs, fed by a pipe carrying the buttermilk from the creamery across the Qu'Appelle River to a tank on the other side, if we keep the milk running steadily, although in small quantities, they act like gentlemen. They will walk slowly up to the trough, a few at a time, knowing there is plenty for all, and drink to their hearts' content without pushing or fighting. But if the trough runs empty for a time (financial depression, scarcity of a medium of exchange), P-I-G spells HOG, and at the first splash of buttermilk you would think that all the demons of Hell were let loose. They surge down upon the trough in a howling, shrieking mob and everyone aims to get right into the trough with all fours, and when a bunch start drinking, a bigger and stronger one will start right in at the end and walk down in the trough, using his snout as a mouldboard of a plow, turning every mouth out of the milk, destroying it for food with his muddy feet, while pandemonium reigns supreme. A Medium of Exchange that fills the definition herein given will keep up a steady supply to carry on trade and commerce, and keep the dirty Hogs out of

the trough of human endeavor. The Creator has blest the earth with bountiful resources that would supply every righteous desire of man. Science and discovery have made such progress that we harness the forces of nature to do our work. Mother Earth stands ready to pour forth her stores of wealth with a lavish hand to the husbandman that tickles her fancy. One man can now produce more than a hundred could a century ago—enough and to spare for all, without having to exploit the future. Then why do so? It is not the many that do so, but the one that heads the list who becomes wealthy. He controls legislation, secures undreamed of privileges, which enables him to accumulate what, under equitable laws, should have gone into the pockets of his fellows at the bottom-of-the-list.

The power that controls the destinies of Canada and the world at the present time, is the financial power, and this power is secured by a fraudulent "Medium of Exchange."

The same conditions are brought about by the "Captains of Finance," who are responsible for all the suffering, murder and suicide following in the wake of financial depressions. Among the food producers of Canada, by lending credit to the farmers to be paid back from November the first to the New Year, and to the merchants and manufacturers for settlement at the same time, and upon the success one has in meeting these terms depends the amount of credit he will be allowed to borrow the following year. When his crop is threshed the debtor is hounded by an army of collectors and compelled to rush his grain on the market, causing the price to go down, down, generally until all the grain grown by those unable to hold it back has passed into the hands of the grain dealers, when the prices generally recover and the non-producer reaps the benefit while the producer out on the prairies, toiling early and late, his faithful helpmate and children deprived of luxuries and many of the necessities of life, continue to grind, still in debt, compelled to borrow credit from the bank if they are wealthy enough to command it, or if not, from the local merchant, in order to sow another crop. "For hope springs eternal in the human breast." And Hope is all that has prevented the collapse of our social system.

Why prolong the agony? We are only suffering what we deserve, for we have the remedy in our own hands. I appeal to the United Farmers of Canada, the United Farmers of Manitoba and Alberta, all Labor organizations and all Business men, as Comrades in adversity, LET US ADVANCE.

To illustrate the strangle hold that the financial interests have on the farmers of the West, I quote the following from the Winnipeg Free Press of September 8th, 1913. I don't know who Alex Smith of Ottawa is, but I am interested in what he told the Free Press in that interview.

"The East, particularly the Province of Ontario," says Mr. Smith, "is more heavily interested than the Pacific Province (that always looks for good business when there are good crops on the Prairie) in the growth and steady development of the Western Prairies, for it would appear that the people

"of the Prairie Provinces owe to the implement companies, "and for loans from loan and other companies, private individuals and the banks, the sum of at least four hundred million dollars (\$400,000,000). The average rate of interest is about ten per cent., so that out of this year's crop and earnings the Prairies have to pay \$40,000,000 for interest alone. "It is therefore not surprising there is a strenuous demand for larger markets, low freight rates, A MORE ELASTIC MONEY OR BANKING SYSTEM, and the construction of railways by the "date of promise."

This was in 1913 and the West still cries for relief. But they will cry no more; their tears shall be dried. We are marching in to possess the gates of our enemies.

Again Mr. Smith says:—

"A few days ago the Saskatchewan Government issued a "statement showing the loans made in 1912 by companies over "which it exercises some regulation. These loans amounted "to \$86,833,510.66. Loans this year will increase this amount "by \$8,000,000 and in these statements no account is taken of "numerous issues of debentures, or of money to be paid on "insurance premiums. This leads to the conclusion that the "money owed by the three Prairie Provinces is in excess of the "amount above stated; AND THE VOICE OF THE WEST IS "IN CONSEQUENCE A MIGHTY VOICE NOW."

Yes, Men, the West will speak in MIGHTY THUNDER TONES at the coming Dominion Elections, and will send to Ottawa, as their representatives, a solid bunch of Patriotic Statesmen, fashioned by the adversity and strenuous life of the exploited.

In this wonderful and productive land of the West this burden of interest has become so great that many of the farmers are unable at the year's end to pay the local dealers for their supplies. The dealer, in turn, cannot settle with the wholesaler or his bank. Commerce, manufacture and distribution is languishing. Every year it is getting worse, and it seems all the same with a heavy or light crop.

In an article by Herbert Hope in McLean's Magazine of April first, 1924, he shows the condition of Manitoba in 1923, viz:

Federal Taxes.....	\$25,500,000
Provincial Taxes.....	7,500,00
Municipal Taxes.....	19,225,000
Total Tax.....	\$52,225,000

While the value of the cereal crops in that year were:

Wheat.....	\$20,000,000
Oats.....	3,000,000
Barley.....	1,230,000
Flax.....	950,000
Total Value.....	\$26,280,000

Or just about half enough to pay interest on Governmental loans, with no account taken of the cost of producing these crops nor of the interest burden of individual farmers.

has grown to \$256,000, by compounding the interest. The frightful result is that the money lender and his heirs, who do not use their money to produce anything, have increased their ownership of \$1,000 to \$256,000, all paid by the borrowers, who are the producers of the comforts and necessities of life. And by thus monopolizing the money, the usurers are diverting the money from the purpose for which it was made, till a toll of tribute is paid them for the use of it by the producers, the toilers."

From "The Golden Age," April 15th, 1931.

MONEY

(By G. H. Dixon, Oregon)

We Need More of It and More Knowledge of It

While seeking means for the temporary relief of the present unemployment distress would it not be well to devote a little attention to preventive measures against its recurrence? A better working knowledge of our monetary system might enable us to escape at least some of these industrial and business depressions.

We have probably been thinking along this line in an age-worn rut. We had better try to get out of it and construct a modern, improved monetary highway suitable for modern methods of industry and business. There are many angles of approach to this highway. Here is one of them.

A yard, a pound, a dollar, are all nonentities; they are not material things. They are simply fiats of law. They are all similarly measures of sundry things. None of them are measures of worth, value, utility, service, labor, or time. None of them should be based upon, or limited to measure, any specific thing exclusively, as gold, or labor.

The yardstick, the pound-weight, the dollar, are all tools, standardized by law. Isn't it just as foolish to countenance law's compelling us to pay interest on dollars as it would be upon yardsticks or scale weights? Why not quit this expensive foolishness of paying interest simply because our daddies did it? If we would cut out this forced tribute to Shylock we could all enjoy and profit by a little voluntary unemployment with three square meals a day, instead of having to go hungry because of so much involuntary unemployment.

We already have the constitutional machinery with which to do this most important work without any new enactments. Why not use it?

Let the federal government issue all money, paying it into circulation for public improvements, governmental salaries, etc., and loaning it, without interest, to the states and other subdivisions for them to pay into circulation in similar manner.

The federal government would be just as well secured if the states and subdivisions deposited their bonds in the United States treasury and got the currency direct as it would be if the bonds were deposited by banking corporations which get the currency and loan it into circulation at interest only, as now.

Then the people would save the interest on both the bonds and the currency, the octopus which is absorbing all their "surplus" production that so befuddles our wiseacres, because they have so much of it that they cannot use it, and cannot market it profitably.

About half the amount of the interest we now pay on the bonds alone, under the present system, would retire them, to say nothing of the ten to fifteen times interest we have to pay on the currency and its substitute bank-credit.

Evidently the public mind has been greatly confounded by the manipulators of money, or mostly the camouflaged credit of the people. Comparatively few people, it seems, have ever given thought, or realize the enormous power that usury, or interest, wields over our material welfare. Still fewer, perhaps, are aware of the extent that compound interest is being practiced in our everyday business transactions, and the numerous schemes for piling up debts, public, corporate and private, upon which the interest frequently amounts to twice the principal.

Building and loan companies, self-styled "thrift associations," boast that 75 per cent. of homes are now financed through them. In plain English, this means, simply, that they have a mortgage on 75 per cent. of the people's homes, and they are itching to get the other 25 per cent. in their clutches, offering all kinds of inducements to allure the unwary into their web of debt. They borrow from Peter to pay Paul, thriving and fattening off both.

Then there is Shylock's high-pressure salesmanship on installments, one of his latest seductive tricks for obtaining confiscatory, pawnshop rates.

Our present monetary and banking system compels every one of us to pay compound interest continually. We can't escape it. Even though we never borrow a dollar ourselves we must pay, indirectly, as a little reflection will clearly show. Observe that there is but very little real money in circulation. Nearly all of what little circulating medium that passes for money is not money. It is bank currency, or notes, a promise to "pay the bearer," and is an evidence of debt, and is perpetually drawing interest as long as it is in circulation. It is, and always remains, the property of the banks, and they circulate it only as a loan at interest. The system necessitates that nearly all business now has to be done on borrowed capital upon which interest is continually compounding, more or less. Even those who do not have to borrow figure to make interest on their investment, same as the borrower has to pay, and it is all counted in on the costs and overhead, so that we all pay some of it every time we spend a penny.

As money does not grow or multiply, and the currency having all been loaned into circulation, and the interest payable in money only, it is evident that when the people have repaid the principal they will have no money left with which to pay the interest, hence real tangible property must be sacrificed or the money re-borrowed to pay the interest. This process, if uninterrupted, will ultimately consume, or concentrate, all tangible property in the

hands of those who control the money and banking system. Even the small money lender will be swallowed up and meet the same fate as the little fish in all other lines of business and will have to join the ranks of the unemployed, sooner or later.

Mammon is always alert and improving the efficiency of his methods for increasing his hoard and depleting the substance of the people. Interest on bonds is usually payable semi-annually; bank loans, it is said, average about ninety days or less. This enables vast amounts to be compounded semi-annually and quarterly. And under the present banking methods of deducting interest, commissions and sundry charges in advance, their capital for compounding is further augmented. Thus the common people are probably paying an average of not less than eight per cent. compounded annually.

Now let us figure a little. A silver dollar is $1\frac{1}{2}$ inches in diameter and 1-10 inch thick. Eight of them laid flat, edges touching, will make a row one foot long; eight such rows, or \$64, will cover a square foot. Being 1-10 inch thick, 120 deep, or \$7,680, will make a cubic foot. There are 5,280 feet in a mile, hence \$40,550,400 will make a column one foot square and one mile high. It is said there are 1,913,000,000 acres in the United States. There are 43,560 square feet in an acre. Now see if you can visualize this. The amount of one dollar compounded annually at 8 per cent. for 1,000 years, if coined in silver dollars, would cover every square foot of the United States with silver dollars to a height of more than 297 billion miles. The earth's population is estimated at two billion. It would give to each inhabitant of the globe more than 500 sextillion dollars. It would pay for the entire surface of the earth, both land and water, at the rate of more than 80 quintillion dollars an acre.

These figures are staggering and unbelievable, but may be easily verified by anyone who will devote two or three hours of his leisure moments to a few calculations in simple arithmetic.

Reducing the period to 500 years, to make them a little more comprehensible, we find that, figuring our national family to number 123 million members, it would give to each man, woman and child more than 146 million dollars. It would pay for the entire area of the United States at more than nine million dollars an acre, or \$216 a square foot. It would pay for the entire surface of the earth, both land and water, at more than \$142,000 an acre, or would give to each of the earth's inhabitants more than nine million dollars.

So it is plain to see that it would be humanly impossible to keep up a system of compound interest very long. This government is but about 150 years old, and already the system has gathered into a few hands nearly everything tangible in the whole nation, so that the people can no longer do anything for themselves without paying an ever-increasing tribute to Mammon. And when we note the greatly accelerating speed at which the interest and principal mounts and doubles, and the extent of its ravages in a virgin land of almost unlimited natural resources, like this country,

in only 150 years, it could hardly be expected that the people could possibly cope with it for another 150.

As some sage of the past has truly pointed out, the interest system would long ago have absorbed even the earth itself, "but for two things—bankruptcy and revolution." Bankruptcies are increasing at an alarming rate now.

When the lesser kings of finance have bankrupted the masses till they can no longer pay tribute, "usury or increase," they resort to revolution to see which of their covetous clan shall ultimately "rule the roost." And they inveigle the hungry hordes to fly at each other's throats to maintain the supremacy of their final and giant master.

The system menaces dire calamity if much longer permitted to continue. Why not exercise our right of petition and demand that Congress at once exercise its constitutional right and authority to issue full legal tender money and PAY it into circulation for all kinds of public services and improvements, instead of issuing misnomer substitutes to banking corporations, and then borrowing it, and taxing the people to pay the principal and probably twice its amount in interest? It will not require any new legal machinery to thus shear Shylock of his power.

Professor Keynes of Cambridge has recently pointed out that Queen Elizabeth had about £40,000 left as her share of Drake's adventure around the world after paying off the then National Debt. This she invested in the Levant Company, thus commencing England's foreign investments. This sum compounded at $3\frac{1}{4}\%$ per annum, the usual rate at which English revenue from foreign investment is reinvested abroad, would have produced by now £4,000,000,000, the actual amount of England's foreign investment.

With such an example of the power of compounding interest, may we not be justified in saying that to compound the nation's savings at 16 per cent of the National income is a rather more rapid rate than our economic progress will stand without choking the markets.

That the wages are not keeping pace with the output is shown by the fact that, whereas between 1922 and 1927 the wages of factory workers increased on the average 2.4 per cent. per annum, the output per man increased 3.5 per cent. per annum, while profits increased 9 per cent.

As I write it is announced that the December disbursements of dividends of Canada will be the largest in the history of the country, and this at the end of a year of acute unemployment.

Thus our men of affairs struggle with the problem for which they can find no cure, and cannot see that we should produce for USE and not for PROFIT, if we are to have, as the Creator intended, a happy and prosperous Canada.

L. W. Moffit, in an article, "Unemployment—Its Causes and Cure," in April 1st McLean's, says, in discussing possible remedies: "If, then, we agree with the conclusion of this argument, it is obvious that the remedy lies in a more equal distribution of purchasing power." And continues: "It is not without significance that the two countries that are today practically free from unem-

ployment problems are France and Russia, where inequalities of purchasing power is relatively small."

But, reader, just so long as interest exists, the fruit of our present financial system, just so long will conditions exist as is stated in the advertisement of the Canada Life Association, and not a day longer, for a Medium of Exchange that would meet my definition, viz. "As plentiful as the goods or services to be exchanged," would place all commercial and other transactions on a cash basis at once, and forever destroy the cursed credit system. We would then have no need for exemption laws or Court Actions for collection of debts, as no debt would ever be allowed by the Government. "Owe no man anything" would and could be conformed to, because, by having a plentiful Medium of Exchange to meet every requirement, there would be absolutely no need for credit. If Canadians were apes I would not be surprised at them allowing such conditions to exist, but when they have it in their power to make a change I cannot conceive why the general public, and even good men in authority, have been so blind in the matter of money and finance. Speaking of this subject to an honored Minister of the Provincial Government one day, he remarked that "he was sorry that he had never looked into the question." This same man is a giant worker in every good cause, but cannot see that all the preaching of all the Ministers of the Church, all the efforts of Christian Endeavor Societies, Y.M.C.A.'s, Salvation Army, Red Cross, Daughters of the Empire and Fraternal Organizations, working towards the Brotherhood of Man, are nullified by the great system of finance our representatives have allowed to be placed upon us.

Labor unites and secures higher wages and shorter hours, and the financial system says "All right," and immediately sets plans in motion to either do him out of his job or relieve him of half of his wages. The rich are growing richer and the poor poorer; and it won't be long until Dives will have to talk to Lazarus by Radio.

Who is to blame for the state of things shown in this awful picture of the future as appears in this Life Assurance advertisement? I am, you are—we all are. Why should it continue? Do you desire to see such a change in the conditions as shown that will eliminate want and the fear of want, the driving power of evil, where everyone willing to work a few hours a day will have enough and to spare; where lying, stealing, gambling and crime of every kind will fade away and disappear in the dawn of the Kingdom of Love and Equity, brought about simply by a righteous financial system? Then stand forth and proclaim the glad news of financial freedom, which will destroy the barriers to both material and spiritual progress, for you cannot teach "ethics to a hungry man."

This is a fight far greater than the late war, and means ten thousand times more to the people of Canada. Will you enlist as a soldier good and true, armed with Truth, and fight for Justice and Equity to dethrone special privilege of every kind, and lay the foundation of PROGRESS by creating a financial system that will



supply a Medium of Exchange, "as plentiful as the goods or services offered for exchange"?

Is there any other way I could pry open your mind and let the emancipating thought sink in? The conditions are unbearable. We can apply the remedy in a year, that will banish forever from this land the fear of want which is the seed of much evil, and the fear of unemployment. There should never be found within the borders of Canada a single soul willing to render any service to the State or the individuals comprising the State, but that there would be a Dominion note provided for him that would entitle him to receive from someone else the same value of the products of his labor. And until such a time as we awake to our responsibility and provide this, we will be continually confronted with uncalled for conditions like the following. We quote from the Ottawa Citizen:

Work or Compensation?

"In Toronto, a short time ago, an organization was formed, known as the Unemployment Association of Canada. Their slogan is 'Work or Compensation.' The underlying logic of this motto is that the community owes the individual an opportunity to work for his livelihood. This will be hotly assailed by many, and will be met with the assertion, that there is a chance for everyone in Canada who is willing to work, but it need not take much more than a cursory examination into present unemployment conditions to reveal the FACT that it is not now, under present circumstances, possible for all to be employed in gainful occupations in this Dominion. In view of this, one might be inclined to challenge the claim that the community is under obligation to provide either work or compensation; but perhaps when investigation has proceeded to the point where it is sought to place the responsibility for the state of affairs which makes the present situation so apparently inevitable, it may be found that such a condition is very largely unnecessary. Absolutely a fact. The Government is supposed to represent the majority thought in the country, and as such is responsible for the economic policy which is to be followed. If that policy is one in which frequently recurring periods of trade depressions and unemployment appear to be inherent, the responsibilities for the consequences seem to be rightly placed upon the sponsors of the policy.

"There is no reason, other than failure to recognize the obvious defects of our present economic policy, why these periods of depression should occur time after time in this country; and to the extent that the people of Canada, because of indifference or unwillingness to face facts, have allowed such a condition to exist; to that extent have the unemployed the right to demand work or compensation."

This was copied in the Regina Leader, August 26, 1921.

Let us firmly face this problem, and abolish poverty by providing a Medium of Exchange for all offered services,

CHAPTER IV.

A PRACTICAL PLAN

In the year 1895 the writer, in company with his brother and a number of others, organized the first co-operative movement in Saskatchewan—the home of Canadian co-operative enterprise —“The Harmony Co-operative Industrial Association.” All the cash of individual members was paid into the Treasury and used to pay debts and finance the outside purchases, and the Medium of Exchange used within the community was in this form:

Tantallon, N.W.T. 189		50	50	50	50
THE HARMONY CO-OPERATIVE INDUSTRIAL ASSOCIATION		25	25	25	10
		25	25	25	10
		10	10	10	10
		10	10	10	5
		5	5	5	5

Will receive this certificate in payment for merchandise or for all due to the Association for the amount of

\$5.00

.....President

.....Secretary

The script was printed in \$1.00 and \$5.00. On the Five Dollar script the little squares at the bottom each represented one cent, the other squares have the amount for which they stand printed within them, the whole making the sum of five dollars. When the holder came to the association store he brought his script and had the amount of the purchases punched out, and when the amounts were all punched the script was surrendered and filed in order to show that it was redeemed. The Association owned, collectively, all the farm stock and implements, and every member worked for the Association, with a superintendent over every branch of work carried on in the community. Each one was paid monthly their living allowance in this script according to the service rendered to the Association. We had the raw material to build our houses, the natural resources of our farms, timber, lime stone, etc. Our labor supply could never be so great but that we could issue script to cover every day's work. There was never any debt in the community. As for any dealings between the members, they all had an ample supply of script.

This script sometimes got outside the Association, either through our members or the Association making a purchase and paying half cash and half in script. Then it would circulate and cancel many debts before it finally came back to our store and was redeemed in exchange for goods.

If a member wished to take a trip to the City he would apply to the Treasurer and have as much current money of Canada ex-

changed for his script. If he did not spend it all, upon his return, he would pay it in to our Treasurer and receive script in exchange. This little colony used this Medium of Exchange throughout the five years of its existence without a hitch, and the same system can be applied to the whole of Canada by changing our Dominion Notes to read:—

THE DOMINION OF CANADA WILL RECEIVE THIS
CERTIFICATE IN PAYMENT OF ALL
DUES TO THE GOVERNMENT FOR THE AMOUNT
OF FIVE DOLLARS

All nicely lithographed and signed by the proper officers of the Finance Department. The amounts should be: \$1.00, \$5.00, \$10.00, \$20.00, \$50.00, \$100.00. But instead of having squares to punch in order to make change, the best system would be to use aluminum discs for one, five, ten, twenty-five and fifty cents, as the material would be inexpensive, receive a good impression, and be light weight to carry in the pocket.

Dominion Certificates, as above, made LEGAL TENDER MONEY, by "Fiat of Law," could be paid out on all authorized public works of both Dominion and Provincial Governments, which would result in all these works for the benefit of the Nation being accomplished without the issuing of a dollar of interest bearing bonds or debentures. The same as the issue of the City of St. Louis. The progress would be limited only to the available material and labor supply, and as all labor that was offered could be used, because we would have a scientific money, owned and controlled by the Sovereign People as plentiful as the commodities or services to be exchanged, we would lay the foundation for uniform and permanent commercial progress that would grow and expand without any setback, TO THE LIMIT OF THE LABOR POWER TO BE OBTAINED.

This would put in circulation such a large amount of money per capita that there would spring up a heavy demand for all kinds of manufactured articles, which would demand ever increasing labor power. Our Canada would flourish like a green bay tree, filling the whole land with beauty and symmetry. Debt would be no more, and labor just healthy exercise necessary for the felicitous development of the SOUL. "Thy Kingdom come, Thy will be done on Earth as it is done in Heaven."

From the Kansas City Freemason:

EXTRAVAGANCE OF GOVERNMENT FINANCING

"Why I Believe in Progress" in "My Philosophy of Industry".

By Henry Ford

Take the money question, for example. Suppose we in the United States find ourselves with some public improvement work to do, the development of some of our natural resources. The usual way the government sets about doing this sort of thing is issue bonds—say for thirty years—and to sell them to the highest

bidder. Then they go ahead and hire workmen to do the job, pay them with the money received from the proceeds of the sale of bonds, and then at the end of thirty years pay back the bondholders, together with interest. What happens in the process? In the first place, what makes the bonds valuable? Why are people willing to buy them? Well, because the United States Government stands behind them; in other words, the government is putting up security for its own loans, and the security for its own loans, and the security which it puts up is nothing more nor less than the energy of wealth in its most productive form, i.e., natural resources. It is the best security in the world, security that survives the wreck of banks and treasuries.

So, then, if we start with a security which is unquestioned and which the people are willing to accept as collateral for the bonds issued, why should we go through the complicated and unnecessary process of paying 120 per cent. interest out of our own pocket to somebody else for the privilege of getting \$30,000,000 which, in reality, we already own? Take a piece of paper and a pencil and figure it out for yourself. Suppose we borrow \$30,000,000 and pay 120 per cent interest, we literally have to pay \$66,000,000 for the use of the \$30,000,000 for the public improvement and \$36,000,000 for the loan. And it was the government's own money to begin with! It seems like a very childish and unbusiness-like method.

Now here is a way I see by which our government can get great work completed on a less complicated plan. It is a sound way, but there is one thing hard about it; it is so simple and easy that maybe some people can't see it. Suppose, for example, we desire to relieve unemployment by carrying on some necessary public improvement and to do this the government needs \$30,000,000. That's a million and a half twenty-dollar bills or three million ten-dollar bills. The government can issue these against the value of the thing in prospect and with them pay every expense connected with the work, then put the plant in operation and out of its earnings retire the entire \$30,000,000 worth of currency which has been issued. Economists no longer question that method of doing things. Indeed, it looks as if financial engineering will come round to something very like it. We shall see great improvement when we apply engineering methods to finance.

Gold and money are two entirely different things. Gold is a metal of value to the arts but of no real intrinsic value as money until the government stamps it with its authoritative mark—that is, coins it as money. Actual money is ability to buy a measure of credit, a sort of scales or simple method of bookkeeping between the buyer and seller used as a substitute for the actual transference of commodities one to another. We can use anything for a medium of exchange that is durable and controllable and scarce enough. Gold happens to be fairly scarce. It is durable and controllable. But it has disadvantages, too. It becomes dearer and cheaper—it fluctuates like everything else. Furthermore, it can be privately manipulated and therein lies the danger. We should

have a currency system which cannot be made the catspaw of manipulators. As long as money is in circulation and being used for productive purposes, it is performing its function; but when it is cornered or kept out of circulation—ignorantly or for malicious purposes—then the “money question” becomes serious.

Of course I do not advocate the upsetting of the money system. We don't need to abolish anything. We don't even need to abolish the gold standard. We need only to observe the principle of use to which I have referred. —We need the principles of social engineering. The benefit should always be public—that is general. Service always pays better than selfishness, although sometimes it takes centuries for the people to see this. The more alert financial men of this country are thinking of these matters on broader lines than ever before, and that is very heartening, for, after all, financial problems will have to be handled by financial minds. The rank and file of our people are able to see how things ought to be, but the specialists will have to create the methods by which the “ought-to-be” will actually come into practice.

EDISON ATTACKS GOLD STANDARD, SAYS VISITOR

By The Associated Press

FORT MYERS, Fla.—Joseph Meyer of Detroit, X-ray specialist, quoted Thomas A. Edison as saying the federal stamp should be removed from gold and the metal demonetized.

The money system of the world is all wrong, Meyer, who is on a visit to Edison's winter home here, said Edison told him. He also quoted the inventor as saying the gold monetary system should be abolished.

Meyer reported Edison told him no commodity should be “king” and that cotton, grain or any manufactured article has no right to supremacy.

He said Edison believes the faults of the money system are playing a large part in present unsatisfactory conditions.

There should not be a monopoly in gold any more than of steel, iron or lead, the scientist said Edison told him, and all metals should be sold at their intrinsic values.

From the Western Producer, May 7, 1931:

WHERE THE RESPONSIBILITY LIES

Consider Canada as a huge and complicated machine, capable of providing everything necessary for the safety and comfort of her ten million people! The farming section of the machine can more than fulfill its function. It can produce more food of every necessary variety than the population can begin to consume. The manufacturing section of the machine is capable of turning out quantities of manufactured goods of all necessary varieties; clothing, tools, furniture, vehicles, false teeth, newspapers and

patent medicines. The fuel section of the machine is capable of maintaining the people of Canada at any temperature desired. The fish section of the machine can keep faith with Friday for an interminable period. The housing section of the machine is equipped to provide houses of lumber, brick, stone or cement to all who need covering and it can erect sufficient public buildings, churches and skating rinks to accommodate convention-goers, worshippers and amusement-seekers. The educational section of the machine is oversize and overstrength. Considering the great machine as a unit designed for service to the population of Canada, there is no weak spot in it. The only trouble with it is that it won't work. It is standing idle. A special set of men versed in finance is supposed to be able to design the coins or slugs which must be dropped into the machine to keep it in action. These financial mechanics have fallen down on the job. The machine is there, ready to function, but the financial engineers cannot make it go. The responsibility for the failure of the machine to operate must rest on the money-handlers. All the machine needs is money. With an adequate supply of the bits of paper or metal which have little intrinsic value, but which derive their power from the engraved figures on them, the machine would work tomorrow at one hundred per cent. efficiency. There would be no unemployment; no want; no sick unable to receive treatment; no clash between authority and rebellion. But the financiers provide inadequate slugs to drop into the machine. They are too small or too big. The machine just creaks and sputters and grinds its gears. It is the business of the farms to supply food; they can do it. It is the business of the industrialists to provide manufactured goods; they can do it. It is the business of the transportation companies to convey surplus goods from those who grow or make them to those who need them; they can do it. It is the business of the wholesale and retail merchants to distribute the food and goods to individuals; they can do it. It is the business of the mines to supply sufficient fuel; they can do it. It is the business of the lumbermen, the cement makers and the brick yards to turn out sufficient building material to house the nation; they can do it. It is the business of the financiers to supply the credit or the money or the theory which can enable all the other activities of the state to function. They do not do it. By the process of elimination they are the only people who are incapable of performing the function for which they are permitted to live. If Canada is fundamentally sound, as any casual review of the great natural wealth of the country would lead one to suppose, the financial system of the country must be fundamentally unsound, for it is only the lack of financial grease which makes the driving wheels of the great machine slow up and bind.

Christ, in the Temple, gave us the cue for ushering in the Kingdom of BROTHERHOOD. We will remain in bondage till we exert our sovereign will and likewise upset the tables of the MONEY CHANGERS OF CANADA and the world. In Earth as it is in Heaven, make not My Father's house a den of thieves."

Sir Auckland Geddes, British Ambassador to the United States, sounded a very distinct note of warning, a few years ago, when he addressed the Canadian Bar Association. He spoke of the last war arising out of the internal unrest in nations, due to the industrial revolution that has swept through the world in the last century. "One effect of the industrial revolution has been to intensify the frantic competition for markets abroad. The capacity of industrial nations to produce has been enormously increased. But consumption has not kept pace with production. The people, as consumers, lack the means to purchase sufficient of the commodities they themselves produced. The productive system is highly efficient, but the distributive system is totally inadequate (for ing surplus for export in every industrial country, because the purchasing power of the people in the home market is inadequate."

The same conditions of contracted credit, trade depression, unemployment and want seem to prevail in almost every industrial country, and the root of the evil is the failure of the people through their several governments, to provide a scientific "Medium of Exchange" as plentiful as the commodities or services to be exchanged.

CHAPTER V.---Exceptions

France the Exception

In all the discussions in the United States and Canada of the unemployment situation, an exception is made of France. On May 8th last Mr. Maurice Samuel, at a luncheon tendered to him at Hotel Saskatchewan, Regina, by the Regina Lodge of Bnei Brith, he stated to the Leader-Post that, with the possible exception of France, Palestine was the only country in the world where no unemployment problem existed. Why is France the exception?

For some time after the Armistice, England, partly through the largest volume of active money since the Napoleonic wars, and partly through the New York discount on British exchange, was highly prosperous. When the sovereign was discounted down to \$4 or less, this discount acted as a bonus to American importers of British goods. Canada was in the same boat at this time and the Saskatchewan Co-operative Creameries have received as much as \$800.00 on a car of butter for the premium on the exchange. The English factories were smothered with United States orders, running overtime. There was no unemployment except of the unemployable. Everyone capable and willing to work was kept busy at good wages. But immediately upon the announcement that England was going to resume the gold standard on a pre-war basis, with concurrent retirement of one-half her paper money, all unfilled orders were cancelled, and stagnation, unemployment, with social misery beyond comprehension, soon became the established condition and continues so.

Just across the channel, France was keeping her workers busy, besides a million and a half of imported workers. She had not been so stupid and suicidal as to wipe out her LIFE BLOOD OF INDUSTRY, as did England. At the end of 1928 her circulation of paper money was officially stated at the handsome figure of 63,915,593,000 francs, or 1560 francs per capita. Even at the new gold stabilization of the franc, this is over \$3,000,000,000 of paper money in circulation.

The exchange discount acts as a bonus on exports, so France has recovered and greatly increased her export trade, at the expense of England, which has lost much of hers.

France takes better care of her dense population of 195.5 to the square mile than the United States of her 38 per square mile or Canada of her three to the square mile.

And this policy has built up her gold supply till she is the third largest holder among the nations. This movement has alarmed Britain and the United States, so much so that it has been mooted in England that they should go off the gold standard in order to get back at France.

Even Belgium, with nearly 600 persons to the square mile, has a much smaller percentage of unemployment than Canada with superior advantages.

Do you call this inflation?

THE DEFLATION DEMON AND THE INFLATION BUGABOO

G. H. Dixon, in the Kansas City Freeman, April 3, 1931

With a "surplus" of the necessities of life we have millions of deserving citizens suffering from lack of them because of a dearth of money. Notwithstanding this the Federal Reserve Board further deflated the currency during the month of January by retiring and cancelling more than \$280,000,000 of it. (See Congressional Record, Feb. 13, page 4889.)

When anything is scarce, be it money, commodities, or labor, it is easier for designing profiteers to corner and control than if there is an abundant supply. With a wealth of natural resources, and millions seeking employment, we need an abundance of money. Those who profit by a scarcity of money persistently try to make a bugaboo of inflation, making many believe that a surplus of money would be a great calamity.

Everybody, except the money-changers, will agree that a surplus of essentials is better than a scarcity. Who but Shylock, his henchmen and their dupes cry "inflation"? Suppose the good Lord were to work a modern miracle, and instead of raining manna from heaven would shower the lap of every inhabitant of the globe full of genuine coin of the realm, it would hurt no one's business but that of the money-lenders, whose toll of usury is the chief cause of depression.

If governments gave everybody equal opportunity to secure currency—preferably by earning it—with special privilege to none, we could escape an enormous burden of interest, probably amounting to much more than the total expenses of governments, wasteful as they are. We have a dearth of money because we have paid it all back in interest while the principal increases. Perhaps if we would investigate the inflation bugaboo we would be able to rout the demon of depression.

North America, and especially Canada, with vast resources and sparse population, needs a much larger per capita of active money than such an old and highly developed country as France. Here unemployment is an awful social CRIME.

From the "American Worker":

There is no unemployment in nature; nowhere on the earth, EXCEPT AMONG MEN, in man's stupidly managed society!

The Creator of the earth obviously decreed that all living creatures should have no difficulty in finding food and shelter as a reward for exertion on their part. Man, in defiance of God, and spurred by the demon Greed, appropriates everything in sight, by fair means and foul, leaving his brethren WORKLESS AND STARVING! Thus, "Unemployment" is a social crime, and an awful one, indeed!

Referring to the burden of world unemployment, Herman Dietrich, German Minister of Finance, recently said: "Economic systems of other days have decayed, and disappeared when they became unable to solve their own problems."

"The burden of unemployment is so staggering that theories must be put aside, and courage found to devise new ways of meeting the problem.

"When millions stand on the brink of despair, positive measures are everything and beautiful theories nothing."

A study of all civilized countries will show that the greatest prosperity and most rapid development obtains in those with an adequate circulation of real money to sustain the activities of their people, but owing to the fiscal policy, contrary conditions prevail in most parts of the British Empire, in the United States and such other countries as have been so foolish as to adopt the Gold Standard DEBT-CREATING SYSTEM.

Unless the British Government makes an entire change in their fiscal policy they can never solve the great problem as presented in that of the unemployed. And unless it is solved it will lead to the downfall of the Empire.

CHAPTER VI.

Excerpts from Hansard, July 1st, 1924

Mr. CAMPBELL: Mr. Chairman, I admit that this whole financial question is largely an enigma. I should like the Acting Minister of Finance to satisfy me on this one point: Our banks today are permitted to obtain Dominion notes against the security of government bonds. What difference would there be between this policy and the government putting its bonds in the treasury and issuing its own notes against them?

Mr. ROBB: That would not be very sound banking.

Mr. CAMPBELL: Why not? If it is sound for the government to do that for the banks, surely it is sound for the government to do it for itself.

Mr. HUGHES: Why not issue the money?

Mr. CAMPBELL: Certainly, but I mentioned bonds in order to complete the analogy.

Mr. GARLAND (Bow River): Will the minister reply more informatively to hon. members in this corner of the House in connection with the question put by the hon. member (Mr. Campbell)? I had better repeat it. He has asked the minister why Canada would not be in a better position if it were to finance its own fundings—we will call it that—through the issuance of Dominion bonds to its own treasury and the issue thereon of the necessary credits. The minister replied that it would be poor financing.

Mr. ROBB: Poor banking.

Mr. GARLAND (Bow River): Poor banking? All right! I am glad the minister differentiates between poor financing and poor banking. I think there is something in that. I would like the minister to tell us in what way it would be poor banking.

Mr. ROBB: I do not want to be discourteous to my hon. friends, but that is a subject altogether foreign to the issue now before us. I do not propose at this stage to enter upon a discussion of the different theories of the values of money.

Mr. GARLAND (Bow River): If that is the only answer the minister has, or the only one he is willing to give, I shall have to accept it, but it is not an explanation of an exceedingly interesting and most important aspect of the financing of Dominion requirements. When a Dominion bond issue is made, say, of \$100,000,000, as was done two years ago, it is sent to a bond house in the United States—in that case, the J. Pierpont Morgan firm—and they underwrite it, consenting to float the issue. They hand back to Canada a credit of \$97,500,000; the \$2,500,000 they put in their pockets for commission and for expenses in connection with the flotation. The bonds are then sold; they are extensively taken up by large financial houses, insurance companies and banks, and no doubt, as the hon. member (Mr. Manion) would say, by some private investors also. Inevitably, under our present economic system, which is becoming increasingly severe in its pressure on the large lower strata of society, these bonds drift back into the hands of the financial interests and rich investors. I venture to say that

if the figures could be accurately surveyed it would be found that 70 or 80 per cent. of the bond issues of Canada are in the hands of the larger interests, not in the hands of the common people. What have we given these bond houses? What have we given to these insurance companies that hold the bonds? We have given them an asset backed by the credit of the whole of Canada, a prime asset. And what have we accepted in exchange? A book credit, or perhaps notes—bank notes, promises to pay on the part of the banks. A bank is only part of the assets of the whole country; an insurance company is only part of the assets of the whole country. It is only an asset to the extent that it performs a service. The Dominion, then, has accepted an inferior asset in exchange for a prime asset, and has paid for the privilege of doing it. That is a simple statement of a theory that appeals to my imagination and to my sense of logic. The minister answers rather indefinitely, in fact he does not answer at all. What is wrong with a system of financing that would remove this evil? Could we not save tremendously in interest charges? Surely there is sufficient sanity in our government, in our men of business, to prevent any unwise inflation. We have learned the lesson. Would the minister explain this business from his own point of view? He simply disposes of the whole thing as bad banking and lets it go at that. Now, I am not content to take that answer.

\$300,000,000 Loan

The House resumed, in committee, consideration of the resolution standing in the name of the Acting Minister of Finance (Mr. Robb) to provide for the raising by way of loan the sum of \$300,000,000.

Mr. CAMPBELL: A short time before the House rose at six o'clock I asked the minister a question to which I did not receive a complete answer. At present, the banks are permitted to take certain securities, among them Dominion bonds, to the Minister of Finance and to secure in return Dominion notes. I asked the Acting Minister of Finance why, under these circumstances, the government itself could not deposit its own bonds with the Finance department and secure in return the Dominion notes which ordinarily are handed to the banks. An hon. member, I believe the member for King's, P.E.I. (Mr. Hughes), suggested that this would cause inflation. I do not think it would increase the inflation. As it stands at the present time, these Dominion notes are issued not against gold but against bonds or other securities, sometimes industrial bonds, commercial bonds and notes from business houses. Today there is inflation to the same extent in so far as the bank is concerned, and I should like the minister to explain in what way he considers my suggestion unsound from the banking standpoint. If it is unsound for the government, surely it is unsound to permit it in the interests of the banks.

Mr. WOODSWORTH: If I remember correctly, Mr. Chairman, some years ago the Canadian Northern Railway was financed by the direct extension of the credit of the government to the amount of \$25,000,000. Do I understand that discussion of that

manner of financing is precluded by your ruling on the question asked by the hon. member for Mackenzie (Mr. Campbell)?

The CHAIRMAN: I do think that we are limited to the question of expediency, and as to whether the money should be obtained in certain markets. I think the debate which developed this afternoon was more or less on the question of the system of banking.

Mr. WOODSWORTH: As I understood the question of the hon. member for Mackenzie, it was not relevant to the system of banking but had reference solely to whether we would go to the banks for accommodation or whether the government itself could issue notes.

The CHAIRMAN: I think that would be in order.

Mr. CAMPBELL: Your ruling, then, Mr. Chairman, would leave my question perfectly in order. The question resolves itself into whether the government proposes to use the means for obtaining money that at present is the special prerogative of the banks. I am quite ready to agree with the hon. member for Brome (Mr. McMaster) that there are very grave dangers of inflation, that it is very difficult to tell where any government would stop once it embarked on such a financial policy. But I submit that we have that very system in effect today. If our currency was entirely based on gold, if there was behind our note circulation dollar for dollar of gold, I submit that the question of the dangers of inflation would be quite pertinent; but we have that condition of affairs in Canada now, and I do not think we will ever see a return to the gold standard. When the banks take to the Minister of Finance industrial, municipal and Dominion bonds and the notes of private business men, and against the deposit of those securities receive an issue of government notes, why, that is nothing but fiat money; there is direct inflation every time that occurs. It is not a question of deciding whether inflation itself is right or wrong; I think we all must admit that it is wrong; but we have that very system in operation today, and we have to decide whether we are going to use this means ourselves or leave it as the special prerogative of the banks. I should like the minister to explain a little more fully his statement that it is unsound for the government to use the very system that has been created for the use of the banks today. If it is unsound for the government to use the system, then the system must be equally unsound when used by the banks.

Mr. WOODSWORTH: Would the Minister regard the method of financing adopted in the case of the railways some years ago as unsound?

Mr. MEIGHEN: Perhaps the hon. member (Mr. Campbell) would now be glad for an answer from the hon. member for Brome.

Mr. CAMPBELL: I am not entirely satisfied with the minister's answer. It is not a question whether this is sound banking or not. I am ready to admit with the minister that it is not sound banking, but the relative unsoundness of it is what I am trying to get at. If it is unsound to do it in regard to the banks, then it is

unsound for the government to do it. But it is considered orthodox, it is considered sound banking today. Why, then, is it unsound for the government to take to itself the rights and prerogatives and privileges that it gives to the banking institutions?

Sir HENRY DRAYTON: The hon. member for Brome (Mr. McMaster) is very near the truth when he says that the question of inflation of currency does not depend so much on the volume of currency by itself; that it depends rather on the volume of currency in ratio to the demand within the country for the use of currency. There is another way in which it can be expressed which, I think, perhaps makes it a little easier to understand. Take for example the issuing of legals under the circumstances I have mentioned in the year 1920. There is a direct ratio between commodities and currency. It is the amount of commodities, of wealth produced, and the ratio which exists between them and the currency itself which in fact determines whether there is inflation of currency or not. And there is one good thing about the present system which is in fact a recognition of our currency on a commodity basis. Take the gold; there is one good thing about it. The whole of that redundant issue automatically came in, automatically was cancelled, and automatically disappeared. Why? Because in the case of every bank that had it, it just meant that they were paying out 5 per cent. if they held it. It came back, it passed in, and the obligation of the country disappeared. So I am not very much afraid of currency inflation so long as I know that inflation is something which is in proper relation to the average commodity movement in the country. That is what we need it for.

Mr. McMASTER: It is partly inflation in that case.

Sir HENRY DRAYTON: I do not think it can well be inflation so long as the currency of the country is merely sufficient to do what currency is meant for, namely, not only to allow our business activities to be carried on in the ordinary sense but also to permit the full exchange of commodities, using the currency itself for a basis. Of course there are other matters of inflation and they are somewhat connected with the subject I have just alluded to. Take for example government bonds. One of the greatest causes of inflation in every country was the issue of government bonds, and the re-issue of them and the use in different re-issues of practically the original dollar with some enlargement of the principal. That alone of itself does not make inflation. Hon. gentlemen talk about loans being made by banks to customers, and treat that fact as if it creates inflation. It does not so long as it is proper business. Supposing, for example, that those government loans had been for the purpose of enlarging our agricultural and industrial activities, costing 5 to 6 per cent. but bringing in as a result of the enlargement of those activities a return of 10 per cent. There is no inflation there. On the contrary, instead of inflation you have a very useful investment. But these government loans were not for any of these useful things. Why, there was not one Victory loan that had anything really useful for its purpose except enabling business to be carried on for the time. We were simply paying the

cost of maintaining our men overseas... Everything was being blown up, our money was being dissipated, and therefore there was inflation.

Mr. GARLAND (Bow River): I wish to make a suggestion in all seriousness to the minister, and I deal with this subject in no flippant or purely academic fashion. I look upon this matter as one of the most serious problems facing not only Canada but other nations. I say that this government, in common with other governments, are absolutely in the power of financial interests at the present moment, and are unable to free themselves from the shackles of those interests. I have before me statements from prominent gentlemen in regard to this matter. I have under my hand a statement from the Prime Minister of England, Ramsay MacDonald, who declared that all governments were helpless in the power of the financial classes only a few years ago. I have Lord Milner's similar statement in that connection, and a further quotation that deals directly with this particular problem. He says:

"As a matter of fact, some of the greatest fortunes have been made and are being made today by the mere manipulation of financial counters for which the chaos of exchange affords such exceptional opportunity. That is interception in the grand style."

By giving the minister permission to float this loan of \$300,000,000 we are proposing, I understand, that the minister shall forthwith adopt the orthodox practice of issuing bonds through the regular orthodox channels. In short, we are continuing the practice of the past, in still recognizing the financial machine that exists and are using that machine without always taking into consideration just what it means in cost to the people. If the minister has to float three hundred million dollars' worth of thirty-year bonds at five per cent. interest, what does it involve? This is a consideration that should be thoroughly impressed on the public and also on the minister. It means that if the bonds run to maturity we in Canada and our children after us—because we will not all live thirty years longer—will have paid four hundred and fifty millions in interest for the use of about two hundred and ninety-two million, and we would still owe the three hundred million to the bondholders, whoever they may be. I term that frankly a most insane system of financing in this age and generation. I therefore urge the minister to take into consideration some alternative method, not with a view to immediately adopting it—I do not attempt to suggest I could induce him to do that—but I ask him and the ministers that may follow him in his department, to take into consideration this appalling cumulative debt that is pressing upon the backs of nations today, 265 billions of international debts, the result largely of cumulative interest on bonds. Where is it going to stop? How will we pay it? The industrial machine is cracking to the breaking point at this moment. That is the situation.

Mr. VIEN: Has the hon. member any alternative to suggest?

Mr. GARLAND (Bow River): We have suggested one very carefully this afternoon, and that is that the government might take into consideration the possibility of accepting its own real

credit, a real credit which J. P. Morgan will accept, and issue thereupon judiciously and wisely its own financial credit.

Mr. GOOD: I want to refer particularly to a criticism offered by the hon. member for Lincoln (Mr. Chaplin) of what he supposed was a suggestion emanating from this quarter of the House as to the payment of our debts and the settlement of the \$300,000,000. The ex-Minister of Finance (Sir Henry Drayton) referred to the same matter. The question is asked: "Why do we not issue our own promises to pay, or Dominion notes for the amount of the debt and wipe it out that way?" And that suggestion is ridiculed. I admit that generally speaking such a practice is a very foolish one, but there might be conditions under which it could be carried on not only with impunity but with profit. I discussed this matter last year with Professor Irving Fisher, one who, probably, has made a closer study of it than any other person on the American continent. I asked him particularly as to the propriety of such a practice, because I could see very serious disadvantages in it, as no doubt everyone else can; and he said that the advantage of it depended wholly on conditions. I do not wish to go into the matter any further than to say that while the practice is not always a wise one, there are nevertheless certain conditions under which it might profitably be indulged in under proper regulations.

Mr. VIEN: Did he define the conditions?

Mr. GOOD: Yes, but that is a matter which I shall deal with in another debate.

Mr. H. E. SPENCER (Battle River): There has been some criticism of what are termed the unorthodox suggestions put forward in the course of this discussion. When similar suggestions were put forward two years ago many members walked out of the House. Today I am glad to see greater interest in these suggestions, and I congratulate those members who have given them a very fair hearing. We can make a great mistake in being too orthodox; there comes a time when you have got to be a little unorthodox and explore new means and ways of doing things. If five hundred years ago people had discussed in parliament such things as the flying machine, the telephone, the gramophone, radio and the other wonderful discoveries which we now have, they would have been placed in asylums or in prisons. We have been following on certain lines of orthodox finance for a long time; today there is a very large school of thought throughout the world which realizes that the orthodox school of finance has got to go.

Mr. IRVINE: It is very gratifying to note the interest that has been shown by the discussion of this resolution. I am aware that the House is not prepared to listen to any academic discussion of the finance question. I have tried that before on one or two occasions and I am satisfied that most hon. members are not even interested and are pretty well convinced that the finance system in vogue throughout the world is the best that is possible. They are just as much convinced of that as they were that the Bank Act was the best bank act in the world last year. Fortunately for them and for the world, a revelation of the weakness in the case of national finance has not been brought about so speedily and in as clear a

manner as it was in the case of the Bank Act, but I believe that a similar awakening is just as surely coming. There is no evidence that the Acting Finance Minister anticipates anything different in the way of financing from that which has been in vogue ever since Canada had any financing to do, the road being followed must lead directly to disaster not only to Canada but to all nations following the same course. What is the end of the road? The end comes when you cannot tax your people any longer to pay the interest on the bonded indebtedness, not to speak of paying the bonded indebtedness itself. A number of nations are almost at the end of the road now. We are fortunate in having been a new country with tremendous natural resources, so that perhaps we may on paper look a little better than other nations. But we are following exactly the same road and in proportion to our ability to pay we are not so very far behind some of those European nations which have brought themselves to a state of bankruptcy.

I regret, Mr. Chairman, that what I rose to say has been ruled out of order, but I believe nevertheless that there is a better way, and a more practical way, of raising this \$300,000,000 than by the method that is suggested in this resolution. I believe that to follow the old method of piling up interest and pyramiding our debts must lead ultimately to a crash. I believe that it is possible to avoid that, but that it is only possible to avoid it by adopting a method that has never been used before; and the necessity for adopting a method that has never been used before arises because of the fact that we are face to face with a situation that never confronted Canada, never confronted the world before. I say that to go on in the same way, ignoring a new set of conditions, ignoring the piling up of debts that never can be paid, is to acknowledge the inability of this parliament to face the problem that stands before us.

I read in The Montreal Standard of August 30th, 1924, as follows:

New York, Aug. 30.—The United States is in more danger of being "crucified on a cross of gold" today than it was when W. J. Bryan made the speech that lifted him to fame.

The Federal Reserve Banks are holding more than \$4,247,000,000 in gold. Last year the world's gold production was \$346,000,000; mostly it went into American bank vaults or to India as a commodity. At the recent rate of accumulation, the Federal Banks' gold reserves will, in three or four years, equal their combined note issue and deposits.

At least two billion dollars of the Federal gold reserve are unnecessary for monetary purposes; useless so far as banking functions are concerned.

American finance, ever since the war, has been wondering, with considerable apprehension, what would happen if other countries got together and demonetized gold. They could do this by agreeing to a convention to adopt some form of paper money based on merchandise in different proportions—a multiple standard such

as leading economists have been advocating—and by undertaking to adjust their trade balances in such money. Such a convention would isolate the United States as a trading nation, and destroy much of the value of her vast hoards of gold. The deflation of gold would not be so rapid or so severe as the deflation of paper money has been in Europe, but it would strike a serious blow at American industry and commerce, compel a partial repudiation of debts, and reduce sections of the middle class to the lamentable condition of the middle class of various European countries.

Undoubtedly European countries will find it difficult to restore the gold standard without internal troubles, and every war debt payment England makes to the United States only augments her difficulty of getting back to the gold basis. The main hope of the restoration of the gold standard lies in the mutual distrust of the European nations, the absence of sufficient confidence to make a convention to trade in paper money, based on merchandise, workable. American finance, however, is not trusting to this weakness of the European position to protect its interest in gold; it is reaching out for influence in Europe. The Astors have bought the London Times and other influential British papers; and their associations with American finance are intimate, whatever their citizenship may be. And other American interests have been buying other British journals, according to The National Review of London, while American correspondents in London have been crediting various British financiers with views and purposes, which, the same National Review declares, are not in accord with British interests.

CHAPTER VII.

The Knights of "The Golden Fleece" Are Marshalling Their Forces
From the Atlantic to the Pacific and From the Bay to the Gulf.

Mythology Proves to Be Truth. Highlights of the Story.

Jason, with slim steel corded limbs, age 20, having come to the age of knowledge, through many adversities, accepts the challenge thrown out to him by the Centaur, half man (intelligence) and half horse (swiftness), that he should forthwith reclaim the kingdom of his father (his birthright) by dethroning the usurper (the God of Mammon), the usurer.

He was carried safely across the swollen river Empeus on the back of the goddess Hera, in the form of an old woman, but lost one of his sandals.

Reaching the town of Iolceus with one sandal missing was a sign to the townsmen that he was the one foretold that was to take the kingdom away from the usurper, "Pelias."

When he appeared the king was frightened, and said to Jason: "What would you do with a man you were doomed to be ruined by?" Jason, after much thought, replied, "I would send him for the Golden Fleece." To secure this would be the most difficult and dangerous task in the world.

The king was delighted, as he felt sure Jason would be killed. So he said, "YOU are the man; bring me the Golden Fleece and I will give you my throne." Jason replied, "I will go, and when I come back you shall give me your crown."

Jason consulted the talking oak and was told to go to Argus and ask him to build a galley, needing 50 strong men to row it. Securing 50 of the foremost heroes, they speedily crossed the waters, emblematic of "the peoples," and came to Colcluss, where the dragon (Satan) guarded the Golden Fleece.

He went to King Acetes and asked for the Golden Fleece, which made the king very angry. He answered cunningly, "Stranger, I would first test your valor and your powers."

"Two brazen footed bulls I have in that pasture, IN THE WAR GOD'S PLAINS, their breath flames of fire (farm tractors), to plow the fields of Ares (Buenos Aires, Argentina, and Australia, in the southern hemisphere, and Russia and Canada in the northern hemisphere, I take to be the plains over-cultivated to produce food for war gods during their last exhibition of force, 1914 to 1918. Bulls also have a good deal to do with grain production and distribution—bull wheels in the binders, bull wheels in the combines, and bulls to fight the bears in the selling of wheat. We are now witnessing the biggest bull fight in all history.) Sow the fields with dragons' teeth and I will let you have the Golden Fleece."

But little did the farmers of the world know that their tractors and combines, in the war god's plains, would result in the production of so much wheat than an army, fully equipped, would arise to destroy them.

"Go to now, ye rich men, weep and HOWL, for your miseries that shall come upon you. Your riches are corrupted and your

garments are moth-eaten. Your gold and silver is cankered; and the rust of them shall be a witness against you, and shall eat your flesh as it were fire. Ye have heaped together treasure for the last days. Behold the hire of the laborers who have reaped down your fields, which is of you kept back by FRAUD, crieth; and the cries of them which have reaped are entered into the ears of the Lord of Sabaoth. Ye have lived in pleasure on the earth, and been wanton; ye have nourished your hearts, as in a day of slaughter. Ye have condemned and killed the just; and he doth not resist you." (James 5:1-6.)

Jason, the worker, knew he could not succeed in his own strength, and he looked for help. The king's daughter loved the godlike stranger and came to his aid. Man cannot succeed in regaining his birthright without the help of loving, faithful womanhood, here represented in a beautiful girl, who always holds magic power.

She gave him an ointment to apply to his body and shield which gave him power over the bulls (tractors), and hard oil for the bearings. But she cautioned him, saying, "When you have plowed the field, and sown the dragons' teeth, you must throw a STONE among the warriors that will spring up, and they will destroy each other instead of killing you."

This is the Stone which the builders rejected, which has become the head of the corner, the top stone of the great pyramid, the Christ, the Son of God.

The stone taken out of the mountain without hands, has become a mountain that fills the whole earth. Mountain represents kingdom. Till the enemies of righteousness perish and the golden age appears, the Co-operative Commonwealth, the Brotherhood of Man, the Kingdom of God on Earth. Man's prayer answered: "Thy kingdom come; thy will be done on earth as it is in Heaven."

The princess meets the knight. At midnight, just before the glorious dawn, together they approach the Golden Fleece guarded by the dragon. With eyes, and lips, and spray of magic, she subdues the serpent, the one that tempted her forebear in Eden. While the knight secured the Golden Fleece, she fearlessly annointed the serpent's head, and he and the princess reach the Argo, at the water's edge, just as the recovered monster howled and spit fire from the water's brink.

The knight had won the princess, the Golden Fleece, and Paradise regained.

From the Regina Leader, May 14th, 1931:

Bennett Against Change in Banking System

Ottawa, May 13.—The banking system of Canada is adequate to the needs of this country and no reason exists for a change. This was the opinion expressed in the House of Commons today by Rt. Hon. R. B. Bennett, prime minister and acting minister of finance.

Mr. Bennett asserted that the Canadian system embraced those great basic requirements which are essential to its success.

It provided the people with a safe depository for the money which they desired to save, and it furnished to those people requiring money adequate facilities for borrowing.

Thus the mouthpiece of THE USURPER, with eyes open to the dire calamity befalling our fair land, gaily fiddles while the last trenches held by the farmers of the west in support of their little ones are being taken by the enemy. Today eggs are five to seven cents, dairy butter eight cents, and table cream 17 cents.

The Trumpet Call is gathering out the knights and we are sworn to secure the Golden Fleece, bring it to THE USURPER, when he is pledged to surrender his crown, THE BIRTHRIGHT OF HUMANITY.

We close this chapter with the apt words of Frederick Lawrence Knowles:

When navies are forgotten
And fleets are useless things,
When the dove shall warm her bosom
Beneath the eagle's wings;

When memory of battles
At last is strange and old,
When nations have one banner
And foes have found one fold;

When the hand that sprinkles midnight
With its powdered drift of suns,
Has hushed this tiny tumult
Of armies, swords and guns;

Then hate's last note of discord
In all God's world shall cease,
In the conquest which is SERVICE,
In the victory which is PEACE.

From Free Press Evening Bulletin, Winnipeg, May 30, 1931:

Why We Need a Central Bank

Those who defend the present Canadian banking system will have to find some means also of defending the serious state of affairs in 1929, when Canada, her currency at a high discount, slipped off the gold standard when the Minister of Finance placed an unofficial embargo on those exports of gold which alone could have rectified conditions. They will also have to defend the serious inflation of credit and currency in that year which resulted in Canada taking so leading a part in the stock market debacle of October and November. They will also have to explain the attitude of mind of our Canadian bankers who, though making feeble utterances about undue stock market speculation, were busily making use of the provisions of the Finance Act to shovel out credit to all and sundry. These things need explaining, and in view of Mr. Ben-

nett's defence of the existing system, his own explanation would be most interesting of all.

There is no general realization of the fact that the flexibility of our banking system since the passage of the Finance Act of 1923 provides a basis for almost unlimited inflation, and in the face of the 1929 experience it is idle to say that practised bankers will not make undue demands upon the Federal Treasury. The banks can carry stocks and bonds to the Treasury Board and get advances of legal tender upon them. It is estimated that every million of credit thus extended to them can be transformed rapidly into eight or ten millions of banking accommodation. The Finance Act does not require the Department of Finance to keep a gold reserve against Dominion notes issued under its provisions, and means are thereby provided for the dilution of the whole Dominion note issue. This has actually taken place.

There is a further provision which deserves thorough investigation. Let us presume that a bank has brought securities to the Department of Finance, and has made a request for their re-discounting by issue of Dominion notes. The Treasury Board which passes on these requests is composed of the Minister of Finance, five members of the Privy Council and the Deputy Minister. This Board may not be well acquainted with the nature of the security offered, and it is empowered to call in expert aid on valuation. Who are the valuers? They are the Bank of Montreal, the Royal Bank, the Canadian Bank of Commerce and the Royal Trust Company. The first three named are the biggest banks in the country, and are also the biggest borrowers from the Treasury under the provisions of the Finance Act. We thus have the borrowers advising the Treasury Board on the true value of the securities which they themselves are offering for their proposed loans. If this can find any justification whatever, it would be interesting to know what it is. So far as the banks are concerned, it is obviously satisfactory. They are passing their own loans. What more could any man wish for?

The net result of the practice was, of course, a great expansion of credit at a rate far below that existing in the New York Federal Reserve system which, in the fall of 1929, was making belated efforts to curb its member banks' excessive demands for credit for speculative purposes. The Canadian practice had the triple result of inflating our currency, putting the Dominion off the gold standard, and permitting our bankers to make an enormous clean-up, the results of which we are still paying for.

This experience alone is enough to warrant the immediate institution of a Canadian central bank under which the flexible credit provisions of the Finance Act may be properly administered. Mr. Bennett, justifying the present system to the House of Commons, quoted Tennyson:

That man's the true Conservative

Who lops the moulder'd branch away.

If he is really looking for a well moulder'd branch, he need not seek further than the Treasury Board's administration of the present law.

CHAPTER VIII.

"Unemployment and the Way Out," is the name of a book published in Winnipeg, Manitoba, by "Cannon Fodder," No. 892681, a soldier of the Great War.

William Ashall is an artist who in 1914 was teaching art in one of the Winnipeg schools, a loyal British subject who, when the call came for service to the Empire, as thousands of others, sacrificed his own interests for the welfare of the nation.

I have permission from him to quote extensively from his book, which can be had by addressing Western News Agency, Winnipeg. Price in cloth, \$1.25. I will reproduce here his introductory remarks and two chapters of his book complete:

"Let's Back Up to Get Started"—Lanki.

This chapter is partially introductory, and intended to link up this second number of the "Tank Series" with the first, which appeared during the early part of the "Great War."

The present condition of unemployment and general world unrest is attributed by a large number of men to the events of the Great War.

As a War Veteran I look back to those years and think of the happenings of that period—we were all stirred as perhaps never before with patriotic zeal. Under the influence of that spirit, I sought relief to my own feelings by writing a pamphlet entitled: "THE WAR—A NATIONAL SERVICE POLICY," which was published as the first of a "TANK SERIES." In keeping with the present day conventional attitude of mind, of going back to the "WAR" in the discussion of our modern economic problems, and also by way of linking up the two issues of the "Tank Series," I propose to resurrect this war pamphlet and use from it just a few passages which have a direct bearing on our present discussion.

The author was at that time firmly convinced that the War was the direct result of Germany's aggressive military policy; which was of so ambitious a character as to seek world conquest, and commercial supremacy.

On account of this conviction—which as events proved later was fully vindicated—the pamphlet already referred to was written as an appeal to the sane, red-blooded type of Canadians, who were able to look at this great catastrophe in our history, as something which impelled them to give up all, and directly or indirectly to help their native or adopted land in the struggle of the Empire, against those powers which at that time sought to destroy it; and incidentally to preserve such national rights and liberty as we then enjoyed.

Since then, thousands of us have passed through the experience of that great struggle, by serving in the ranks of the "Fighting Forces." — — —

Back again in the routine of "Civvy" affairs, we have realized perhaps more than ever, the fierce activities of commercial, and industrial life, and the intense struggle for existence amongst the working class.

"Yes, now the war is over; but those back in "Civvy" life
Now realize that still it is a struggle for their life.—
They do not fight in trenches; nor do hear the cannons roar,
Their struggle now is with a wolf. The trench is their front door."
—From "Still Carrying On," by W. A.

What else then more natural than that one should once more
get the old "Tank" moving in order to help to alleviate, if possible,
the sufferings of those who struggle to keep body and soul together,
and at the same time to keep up a semblance of respectability.

Men fought in those days to end War; and to secure not only
a Peace in which armaments would be cast aside, but also an Eco-
nomic Peace, which should enable men to live in a state of
Economic Security. The following two quotations from the article
"War. A Sketch," printed in the first "Tank" series, show not only
the views and war ideals of the author held at that time, but also
those of most high-minded men who seriously considered the gen-
eral situation during that war period.

"The optimist looks forward and sees a new world—a
brighter world. Men in the trenches, he tells us, are thinking seri-
ously. When the war is over, they will be awake to their own in-
terests, and to the interests of their respective nations.

"He tells us that there will be after the war a new democ-
racy; that men will no longer take a mess of pottage for their
birthright; that there will be as a result of this serious thinking in
the trenches, a demand for universal brotherhood."

One more quotation from the same article:

"The war is for something worth while. It is being fought
in the interests of humanity. This war, before it is finished, may
shatter the very foundations of our civilization. It cannot, how-
ever, destroy the sun's rays. It cannot stop the winds from shak-
ing the tree tops. The earth will be as productive as ever—Wake
up! Have clear minds unfettered with the tawdry details of our
delicately constructed—civilization. What is gold? What are
bonds? What is that which we call wealth and capital? What
though the money changers of the world collapse, and gold is no
longer the standard of value. What though bonds and paper rep-
resentations of wealth, stock certificates and title deeds, carry no
value more than the paper itself? What then? The war may
bring about all this; and yet we would have left the good things
of earth. We would have left the great ideals which exist in every
human mind to a more or less degree.

"Briefly, we would have left the true metal, and the dross
would be buried with our past civilization."

The third and last link I wish to make between the two is-
sues does not concern anything contained in the last issue of "The
Tank"; but views of the author expressed in France, showing his
mental attitude towards conditions then, and as he visioned them
in the future. My readers will pardon this personal reference. It
is made only with the object of showing to some extent the views
held at that time by the "Private Tommy Atkins" in the trenches.

His Battalion was at rest after the events of Passchendale, in the village of Houdain. It was near Christmas, and the occasion was a banquet in celebration of the festive season, arranged for the enjoyment of the troops before going in the line on the LENS FRONT.

It was his privilege and duty to reply to a toast on "CAN-ADA"; and, in keeping with the spirit in which he had left his adopted land, he made, while replying to the toast, the following remarks:

"Are we fighting, gentlemen, to protect the exploiters and plunderers of Canada with their little world of obedient satellites? Surely not. When we get home we shall say to these buccaneers who toil not neither do they fight, 'Hands off! Never mind what concessions you hold. We shall demand that the wealth of Canada's natural resources shall belong to the people of Canada. The lives lost already, are worth more in value than all the natural wealth of the British Empire.

"We have paid already, and paid dearly, for the natural wealth of our native or adopted land."

This was the way some of us felt over there, when we heard tales of profiteering and graft.

Another "Tank" series is now "Going Over the Top." The enemy, whether he be a profiteer, or an exploiter of the country's natural wealth, or its people, or merely a man with a twisted vision waving a red flag, is going to be fired at. (Only through the medium of the press, of course.)

This new "Tank" series is "Going Over the Top" to do its share in preventing poverty and discontent occupying Canadian territory, also with the object of doing its share in making Canada a country fit for working folk to live in, where commerce and industry shall be based on a high standard of ethics, being carried on for the benefit of all engaged in them, and the nation as a whole.

As a war veteran with a grievance, I cannot avoid, perhaps, an aggressive spirit in the discussion of topics such as this.

I only hope that the aggressive spirit of the "TANK" will promote progressive thought in the minds of its readers.

CHAPTER IX.

Primary Suggestions for a Remedy. The Wooden Images of Party Politics Must Go.

It is very evident, readers, that the evil of unemployment is caused by modern finance, and that the solution apparently lies in getting rid of our present financial system, and adopting a system which shall be subordinate to the Government and to the people, and which shall function in linking up in a proper way consumption and production.

To do that is not easy; and the difficulty is enhanced by the strange mental attitude of our rulers towards the problem of unemployment. (I allude to both groups, past and present; Liberal and Conservative; as the latter were mere election time opportunists.)

The Speech from the Throne, Feb. 2nd, 1930, was a fair sample of this. Take, for instance, the beginning of this speech, which is supposed to give a record of prevailing conditions, and indicate the proposals of the Government:

"It affords me much pleasure to be able to congratulate you upon the continued prosperity of the country. The year 1929 was the most productive year in Canada."

This speech was as much an insult to the intelligence of the people of Canada as the Mackenzie King speech was last fall, to the people of Winnipeg.

Indeed, one is a replica of the other. No one denies immense production, but we do deny that it indicates prosperity.

Mr. Mackenzie King and all our representatives at Ottawa know that there is no prosperity amongst the masses, and they lie when they speak of prosperity in connection with this our country.

(Unfortunately for our late premier, he admitted the truth in this regard when it was too late. His callous disregard for truth concerning the unemployment problem was what probably cost him his premiership.)

There is a great deal of difference between prosperity (which can only mean the masses living in a state of economic security and that statistical substitute for prosperity described by Mr. Mackenzie King, which only mean a linking up of plenty with penury.

In this age of science and invention, it could be possible to have ten times the production of last year, and at the same time under our financial system, have a condition of unemployment, which might take within its ranks half the population of Canada.

The enormous production and large export trade made mention of by Mackenzie King did not require man power to any great extent. To put it simply, it merely meant our factors expressed as follows:

MONEY (Bankers' Commodity), plus (Machine Power), plus (Very little Man Power), plus (Consumption, chiefly foreign markets).

There can be no prosperity with a condition like this, even though we may have those foreign markets blasted for us by our new premier, the Hon. R. B. Bennett. What are the proposals, then, which I have to offer for the immediate solution of the Unemployment Problem.

In view of the apathy on the part of our rulers towards the Problem of Unemployment, and the way in which they have shoved it out of sight so resolutely, as indicated by their speeches (pre-election, of course); my first proposal is that we deal with these gentlemen first.

We cannot do anything in a legal way, until these gentlemen acquiesce to our demands.

We must wake up these representatives of the people, who sit in the councils of the nation.—They should not be allowed to sit in those places, like wooden images, doing nothing, thinking nothing, concerning this problem.

We must make them understand that there is unemployment; and that whatever prosperity they as individuals are enjoying, we tens of thousands of unemployed veterans, factory and office workers, in this land of plenty, are not prosperous, and are nearer to poverty than we care to admit.

We want therefore no gallery talk and mere promises, such as were made at the last election; offering nothing short of "Kingdom Come." We want a solution; and that solution acted upon.

My second proposal for the solving of the problem of unemployment is, the abolition of our Present Financial System.

This may appear at first sight somewhat drastic; but as we consider it properly, we shall find that it contains nothing of a revolutionary character, and that it is indeed in keeping with high patriotic ideals.

In one sense it may be drastic; but remember that we are in a State of War. We are in a state of Economic War. A condition quite as serious for most of us, as the Great War.

The purpose of that war was no greater than the solution of this tremendous problem of unemployment.

Primarily, it was caused for the principle of protecting the Neutrality of Belgium; not nearly so important as the protecting of the economic life of our Canadian people.

The Great War was continued to keep safe the Empire from German domination; not nearly so important as the freeing of ourselves from economic bondage.

This is War—against a foe greater than Germany:—a foe which punishes its victims, men, women and children, in a more merciless fashion, than ever Germany punished its prisoners—and a foe which causes more crime, and death, than a dozen Great Wars.

So then, if my proposals appear drastic, let us not forget, that we may have to resort to somewhat ruthless methods, to end the power of so cruel a foe.

It would seem to most men, that the logical solution to the problem of unemployment, is to immediately find work for the unemployed.

Take for instance here in Winnipeg.—We need bridges to cross the two rivers, an auditorium, additional hospital accommodation, and hundreds of streets to be properly paved.

In various parts of the Province good roads are needed, and all kinds of public works in connection with Provincial development.

Then with regard to the larger projects, which come, or should come, under the administration of the Dominion Governments;—there is the need for Reforestation, the reclamation of swamp lands, the development of mining, the building of harbours, and the development of water power.

The Municipal, Provincial, and Federal Governing bodies cannot, however, proceed with the carrying out of these projects to the extent needed, because of the difficulty of Financing.

These different governing bodies, under our present Financial System, cannot finance without the help of bankers:—In a financial sense, they are no different to a business concern. They buy goods and services, on behalf of the people out of banker's loans, and charge these back to the people in the form of taxation.

As elected representatives of the people, their position in regard to financing the aforementioned projects is made difficult; chiefly for two reasons:—

First:—By borrowing enough to meet their requirements, taxes would have to be increased to such an extent, as to jeopardise their positions as the people's representatives.

Secondly:—The negotiation of loans for these various purposes, must of necessity be made on Bankers' terms, and with conditions governing the loans which must conform to the bankers' policy, and often against the policy of the governing bodies.

Hence the bankers are able to control both the character and volume of Government expenditure. They are the top dogs:—politically, because political power can only be derived from economic power, and economic power today, cannot be activated (as already shown) except by the use of money which the bankers control.

Employment conditions, therefore, are governed very largely by bankers, who practically control the world situation.

Major Douglas, who some time ago, examined our Canadian Banking System, said:—"Just think what it means: Two or three great groups of Bankers and issuing houses controlled by men, in many cases alien; international in their interests and definitely anti-public in their policy: not elected, and not subject to dismissal, able to set at naught the plans of government:—producing nothing and yet controlling production."

During recent years, the parliaments of the Empire have adopted and acquiesced to a new doctrine; which demands that the Bankers' Credit Policy, must be independent of control, even by the respective Governments.

This new doctrine, had we time to examine it, would, we should find, reveal control of everything—Military; Economic and Political,

What are we going to do about it?—How are we going to solve the problem of unemployment against conditions under which the Parliaments of the Empire have renounced their right to interfere with the Bankers' Credit Policy?

We cannot then change conditions through our parliamentary representatives.

Unemployment conditions, however, have got to be changed, and changed quickly.

I have previously referred to our political leaders and representatives, as not being fully alive to the needs of the situation:—and now I reveal them as powerless.

They are powerless, however, only as members of a Political parliamentary party, not as men.

They are in most cases, splendid intellectual fellows well equipped for leadership. I appeal to them to use their qualities of leadership and intellect, to recognize the evil of our Financial System, and fight it for all they are worth, in the interests of the masses and towards the solution of the problem of unemployment.

We are up against a great barrier, the artificial barrier of scarcity. A barrier erected by the Bankers, by their reversion to the Gold Standard.

A barrier built to protect the Banking business, and to help the International Banker to retain his power.

On this side of the barrier, we have unemployment and poverty in a world of plenty.

With this barrier broken down, we would have a condition of plenty to be enjoyed by all law-abiding citizens.

What are we going to do about it and how? The only obvious thing to do is to break down the barrier.

In spite of laws passed, giving the bankers control of making and circulating money, we must make them forfeit this unjust privilege.

As a matter of fact we can call the Bankers' bluff.

Within the British Empire the manufacture of money is a prerogative of the crown.

So that if we used means to force bankers to waive this privilege, we should surely be acting in conformity with constitutional law, and our activities in this direction could be legalized by the crown.

The forcing of the bankers to waive this privilege of creating and governing the circulation of money, may mean the taking of very drastic measures; but it has got to be done sooner or later. If eventually why not now?

Unemployment must be removed at all costs.—Nothing of a revolutionary character need occur if a right understanding of the subject is laid hold of, by our political and religious leaders; and acted upon by them fearlessly and with a determination, to not rest up, until this demon of our civilization is destroyed.

Such leadership, would have the backing of the masses, and would win out against High Finance.

The banking system could then be changed, to conform with the principles I have mentioned, and would be a national, not a private institution; financing on a basis, which would be designed to link up efficiently, Consumption and Production.

In this connection, the brilliant minds of finance, could be employed to aid in the administration of regulating in proper proportion to our needs, the money, not the bankers', but our own, national commodity. I am quite aware of the many difficulties, to be encountered, before this can be brought about.

For instance, I realize that our system of Party Politics would not be at all compatible, with national finance, any more than it is compatible with nationalization of any kind.

I have already stated that our enemy Finance is strong, and that it can defy governments and electorates.

Through a century it has kept alive the Party System of Politics, and has placed in power, the Party most suited to carry out its purposes.

True!—There is the franchise. Yes!—And a great many other under-currents which drown the purpose for which we think the franchise was given.

Even today in England, the Labour Party is in power, only by permission of High Finance; and no party ever played into its hands more than the present McDonald Government.

Today, as already stated, Industry there, is in the hands of Finance, lock, stock and barrel, as a result of the Labour Party being in power.

If the Conservative party had been placed in power at the last election, this would not have occurred so quickly, and the bankers knew it.

A representative of industrial capitalists as a Chancellor of the Exchequer, would have fought for the power of Industry against the power of International Banking.

He may not have won, but Finance would have had to put up a bigger scrap than they needed to with the Labour Government.

I am holding no brief for the Conservative party. I am only trying to make clear that while I am advocating a National System of Finance, I recognize that such a financial system, can only function properly, under a non-party system of politics.

This of course brings in another big subject. I shall not continue in this direction further than by stating this:—that our Political Leaders, should represent the people instead of party—and that all measures brought up in parliament, should be discussed and voted upon in the interests of the people, rather than as planks in a party platform.

One only needs to study the history of the British Empire during the last century, and note the wars, the secret compacts

between nations, etc., made by various political parties then in power; to see behind it all the Great Power of High Finance.

No party can possibly get into power without money. Bankers control this commodity, and therefore can pretty nearly dictate to the electorate, the party for which they must vote.

Favourable conditions are of course engineered by them, by the publication of insidious propaganda, and a score of subtle schemes, designed to work on the minds of the electorate.

PARTY POLITICS would make a good topic for another publication.

To summarize this chapter, however, two things we must have before unemployment can be removed.

A National Banking System, functioning as already indicated; and the abolition of the old world system of party politics. Liberal. Conservative. Labour, etc.

CHAPTER X.

(An appeal against such conditions as expressed in the following: "We go to work to get the cash to buy the food to get the strength to go to work."—Upton Sinclair. (If we are lucky enough to get the work.)

It is not my purpose to preach blue ruin, but I know, and so does every thinking man with a knowledge of world affairs, and a recognition of the rapid progress which is being made by science and invention, that the need of man-power from now on, will decrease every year.

We have got to act quickly. Right now we should set to work and make our economic system adaptable to this Age of Plenty.

Right now we should make a national sacrifice, to bring about such conditions, as will allow every man, woman and child in this Dominion, to feel that sense of security, which this age under a proper economic system can give.

When Germany declared war in 1914, men in all walks of life, made tremendous sacrifices, to enlist in the service of our country.

Every pulpit and platform throughout the Dominion, was used for the purpose of awakening the masses to the great need of the time.

The organization work, both in regard to the formation of the fighting units, and the splendid auxiliary movements which attended to the needs of soldiers' dependents, grew in a few months to tremendous proportions.

All true red-blooded Canadians, realized their country's need of their service in one way or another; and that service was given willingly, and in many instances at great sacrifice.

I ask one question; is there less need today, for the same service and sacrifice which was given so freely during those war years?

We are confronted today with economic conditions which, in the near future, will prove far more disastrous, to our national life, than if we had been made victims of a German conquest.

Is there less need then today, for the same appeals for service from the platforms and pulpits than there was in 1914?

Is there less need for the same flow of money as that which in those days flowed so freely as to be the economic salvation of hundreds of thousands of men, and a veritable windfall to the thousands of despicable profiteers? I think not.

Money! the Bankers' commodity:—No; Money, the nation's commodity, must be made to flow in even greater volume, than it did during those war years.

If men could be paid for forming fours, and practicing the use of the bayonet, they can now be paid for doing useful work in the carrying out of public projects already referred to.

If men could be paid for carrying out a work of destruction and death against their fellow men, even though it was under the

circumstances justifiable; they can be paid for carrying out works of construction which will enrich the country.

I repeat the the war veterans have perhaps more than any others, realized that "Peace" so far, has been but economic war. Was this the peace we fought for?

This "Peace" is not worth the price of sixty thousand Canadian dead who lie in France.

It is not worth the price which tens of thousands of Canadian War-Veterans have paid for it, by physical inability to carry on.

I am convinced of this, however, that unemployment can be removed just as quickly as the Great War was started. It lies with the people and their leaders, political and religious.

In this regard I wish to make an appeal to the Christian Church; to recognize the forces of evil around us to which I have referred, and to line up in the fight against this foe of modern civilization, High Finance.

We have today in the Christian Church, one of the strongest organizations in the world.

It possesses hundreds of colleges, thousands of large auditoriums, tens of thousands of highly educated men, who have the ability to speak on the public platform, and give expression to the needs of humanity.

It possesses also a press, which could be made powerful, and used effectively.

Unfortunately the Christian Church is dwindling down to a social and secular institution; pandering chiefly to the idiosyncrasies of teen age youth, and making a vain attempt to compete with the picture show, the vaudeville stage and the down town gymnasium.

The mission of Jesus Christ, was to lift up down-trodden humanity:—"I came," he said, "that ye might have life, and have it more abundantly."

When the Christian Church with its wonderful organization, gets the true spirit of its founder, the "Carpenter of Nazareth," it will do much towards bringing about conditions compatible with this Age of Plenty in which we now live; and in which we might have life more abundantly.

The teachings of Christ, if put into practice, would bring our economic system into line with this age; and the same spirit which drove the money changers from the temple, living in the masses of the people and their leaders today, would drive international High Finance from our modern civilization.

Dear Comrade (if I may call you such):—

I think you will admit that the present crisis requires swift action if a catastrophe is to be averted. ARE YOU READY?

When you have read this New Edition containing "The Trumpet Call of Canadian Money and Progress," if you are entirely convinced from your experience, observation, and the knowledge you have acquired, that the present capitalistic, competitive system has outlived the age of its usefulness and should be replaced by a

new and equitable system of production, and service for use, and not for profit, sign the Oath of Service on the back page of this book, and return to this office.

Our plan of organization is automatic, continuous, and no fees are charged. It will spread, and is spreading like a prairie fire in the early days of the West. We are using the same power in organizing as is used in compounding interest.

The blacksmith shoeing the poor man's horse offered to do it charging one cent for the first nail, the amount to be doubled for each nail driven. Work it out for yourself. When 30 nails were in the bill was over five million dollars.

Our plan is this: When you have finished reading the book, if you are convinced of the necessity for action, sign and mail to this office 75 cents—25 cents for the book sent you, and 50 cents for two more books; otherwise you may read and return it. You will sell these books to two new prospects, and after they read them secure their Oath of Service duly signed and witnessed by you. These, when returned here, will entitle you to be enrolled to full membership in our order.

Thereafter for every two Oaths of Service you turn in you will be awarded a Star of Service for use later in your regalia.

Your two prospects will then proceed to qualify for membership in the same way, by each sending in 50 cents for two books, which they will sell to two further prospects, and securing their Oaths of Service, and sending them in, when they will receive enrollment to full membership, in out order.

You can plainly see that if this was carried out faithfully just 30 times, we would have over five million members, more than all the voters in Canada.

When in any district 40 members have been enrolled, a conclave will be arranged direct by mail, and you are requested to say little to anyone but the prospective members you are in touch with about the work we are doing.

You will meet your comrades at the conclave, receive the password and further information and instruction.

Key men are being appointed in each Federal Constituency to take charge of organization, which is now quietly going on from Winnipeg to Vancouver.

One book is enough for each household and if more Oaths of Service forms are needed than in the book they will be furnished on request.

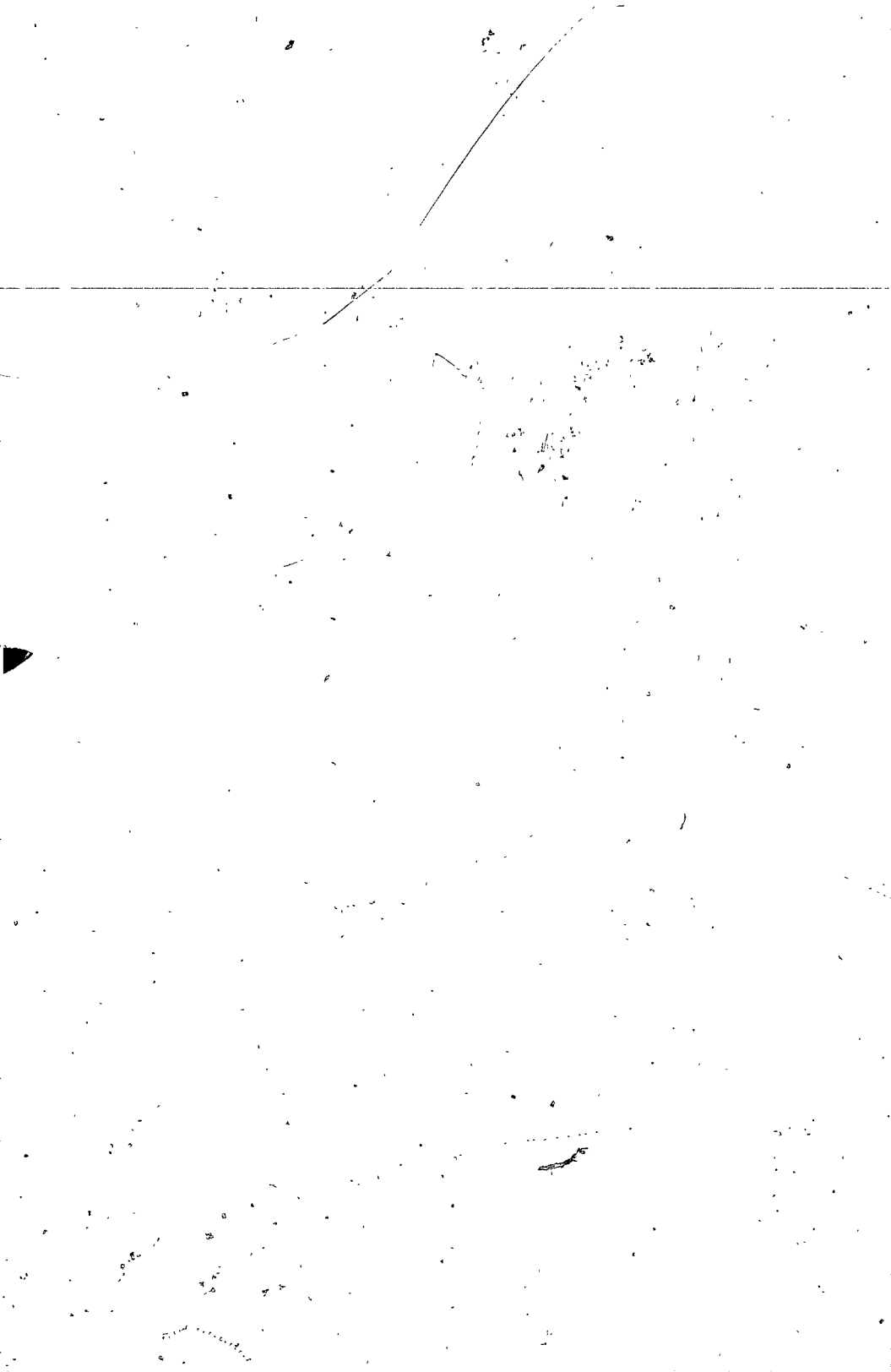
Every mail brings news of action in all parts of the West, and we request your voluntary contribution in Service. Let us have your reaction to this plan as soon as convenient; we are working from the office of the British Banking Reform League, Western Canada Branch, but our political organization will be named when we can secure the vote by mail of a large representative body of members.

Yours in the fight for ECONOMIC FREEDOM,

W. C. PAYNTER,

Tantallon, May 1st 1931.

Secretary B.B.R.L.



OATH OF SERVICE

I,, an Elector in the
Federal Constituency of, in the
Provincial Constituency of, in the Poll-
ing Division of, and living on the Section.....,
Township....., Range....., Meridian....., Post Office.....

Make Oath and say, I believe that most of the suffering of the Farmers, the Urban Workers at this time, and in past history, is not the result of Providence; but of the selfish power of usury, upheld by our present financial system, which power has, in Canada, been granted and upheld to it by our Parliamentary Representatives.

I have read "The Trumpet Call of Canadian Money and Progress," giving the cause of present conditions, and showing the remedy as educational and political, and believing that the time is ripe for action along these lines, I will support to the utmost concerted Political action, with others that take this Oath of Service as follows:

- 1st That I will never vote for, or give my support in any way to any candidate offering for election, in any Federal, or Provincial Constituency, unless said candidate is nominated by the authority of myself, and others that take this Oath of Service, as I do (unless we fail to nominate in any election).
- 2nd That I will, as soon as possible, secure two other electors to take this oath of service, and return the same to the Secretary, when I shall be enrolled and claim full membership in our order.
- 3rd That when called upon to attend a conclave of members I shall make every possible effort to be present, and help in any way I can, to the best of my ability, to further the aims and objects to which we as members are pledged.
- 4th That when I shall receive the password of our order, I will use it with the utmost discretion, and never reveal it or speak it, unless under the instructions given with it.
- 5th That I will support every constitutional means to secure the Economic Emancipation of the people through the inauguration of a scientific Medium of Exchange, and stand steadfastly true to Myself, My Family, My Country and My God. So Help Me God.

Witness..... Signed.....

OATH OF SERVICE

I, _____, an Elector in the
Federal Constituency of _____, in the

Provincial Constituency of _____, in the Poll-

ing Division of _____, and living on the _____ Section _____,

Township _____, Range _____, Meridian _____, Post Office _____

Make Oath and say, I believe that most of the suffering of the Farmers, the Urban Workers at this time, and in past history, is not the result of Providence, but of the selfish power of usury, upheld by our present financial system, which power has, in Canada, been granted and upheld to it by our Parliamentary Representatives.

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Witness _____ Signed _____

WE MUST REVERSE THIS LEVER

